

# COMMITTEES AND COMMISSIONS IN INDIA 1947-73

Volume VII : 1966

VIRENDRA KUMAR



CONCEPT PUBLISHING COMPANY  
DELHI

First Published 1978

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*Published by*  
Naurang Rai  
Concept Publishing Company  
65-F, Anand Nagar  
DELHI-110035 (India)

*Printed by*  
Bajrangee Press  
at Print Master, Nabi Karim  
New Delhi-110055 (India)

*DEDICATED  
TO  
MY MATERNAL UNCLE  
LATE HARI OM PRAKASH KULSRESHTHA*

# INTRODUCTION

The Seventh Volume attempts to understand and analyse the activities of the various "Committees and Commissions" during the period 1966 which have received as far as the previous volumes are concerned scant attention from even bibliographies and documentation experts. It is known that the government all over the world largely rely on the Committees and Commissions for their decisions on particular subjects. Governments make an extensive use of the Instrument of the Public Inquiries which ultimately help in lessening managerial tensions as well as quietening the allegations of misrule. According to John Stuart Mill, "A man seldom judges right, even in his own concerns, still less in those of the public, when he makes habitual use of knowledge but his own or that of some single adviser". Thus the "Committee System" greatly helps the proper functioning of a democratic set-up.

A Commission is a "Governmental Agency created to perform a particular function such as a special investigations or on governmental regulations of business". It is appointed mainly when it is thought that a matter involves some financial questions. There are other reasons for which a Commission is appointed, e.g., in matters pertaining to the Welfare of the State and its Citizens and for improving the efficiency in an administration. The status of a Committee is also the same as that of a Commission, but it does not possess as wide powers as are enjoyed by a Commission and has to limit itself in relation to specific work assigned to it under its terms of reference. While arriving at decisions in the form of recommendations, a Committee or Commission ensures that such decisions are representative of interest of various types of people and also a safeguard against abuse of power.

The Committees and Commissions always advise a Government, offering valuable suggestions and recommendations for smooth operation and efficiency in administration for the Welfare of the people.

A Committee or a Commission comprises a Chairman, the Members and the Member-Secretary (sometimes there is also a Vice-Chairman and an Assistant Secretary). In some cases there are even One-Man Commissions and enquiries conducted by such Commissions are entrusted to an Official-on-Special Duty or a Judge of the High Court.

The Chairman of a Commission is a person well versed in legal affairs and is often a retired Judge of a High Court or Supreme Court of India. Occasionally, a Member of Parliament is also appointed to the post of Chairman of a Commission. Regarding Committees, the Chairman is usually a specialist in the subject of the Committee. He can be a Leader or a Convener also if he heads a Panel, Study Group, Working Group or a Delegation, etc.

The Members of a Commission, Committee, Panel, Study Group, Working Group, etc., are specialists in their respective fields and provide valuable guidance to the Commission in making recommendations.

The Member-Secretary or Secretary is nominated from among the experienced officials who have the requisite competent knowledge of the subject on which the Commission or the Committee is appointed.



The Study of the "Committees and Commissions" is divided into two main parts :

- (I) **Pre-Independence** : From 1772 to August 1947 ; and
- (II) **Post-Independence** : From August 1947 to 1973.

The First Volume covers the period from August 1947 to 1954, the Second Volume covers the period from 1955 to 1957, the Third Volume covers the period from 1958 to 1959, the Fourth Volume covers the period from 1960 to 1961, the fifth volume covers the period from 1962 to 1963 and Sixth volume covers the period from 1964 to 1965. This present Volume, Volume Seven in the series covers the period from 1966.

The Work provides information on subjects like Bibliographical Data of the Committees and Commissions, Chairman, Leader, Convener, etc., Appointments ; Terms of Reference ; Contents and Recommendations.

**Arrangements** : The arrangements in the "Committees and Commissions" are Chronological and items have been arranged according to their dates of appointment and not according to their dates of publication.

I am sure that this reference work will continue into a number of Volumes, for it is unique in nature. I have spared no efforts to make it a comprehensive reference work and it will be of great use to the research scholars, sociologists, historians, economists, students of political science, as well as to all those connected with the study of administration and legal affairs. I have tried my level best to rectify all errors and omissions that I noticed in the previous Volumes. It will be my effort to go on improving these Volumes. The introductory part in Volume I deals with the *why*, *what* and *how* of the "Committees and Commissions".

In the end I must express my gratitude to the Press that reviewed and appreciated the work. I am also indebted to my wife and children who have sacrificed their personal comforts by providing me every facility to make this Volume ready for publication within a reasonable short time.

New Delhi  
*Ganga Dashmi*  
June 16, 1978.

VIRENDRA KUMAR

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# 1966

## WEIGHTS AND MEASURES (LAW REVISION) COMMITTEE, 1966—REPORT

New Delhi, Ministry of Commerce (Directorate of Weights and Measures), 1973, v, +210p.

Chairman : Sri S. K. Mitra.

Members : Shri V. B. Mainkar; Shri Prem Prakash;  
Shri. C. V. Rao; Shri B. K. Pentiah; Shri  
P. Rajagopalan; Shri S. B. Kulkarni; Shri  
A. R. Mohamed Iqbal Ahmed; Shri  
Jeelani Hussain; Shri Shafiq Hussain;  
Shri N. C. Roy, Representative of the  
India Government Mint at Bombay.

### APPOINTMENT

Taking into consideration the international developments in the field of legal Metrology and the need to extend the 1956-Act, to other fields to which the Act did not extend, the Government of India set up, in 1966, a Committee to revise the Central law relating to weights and measures.

### TERMS OF REFERENCE

(i) To revise the Central law relating to weights

and measures;

(ii) To ensure uniformity in the law relating to the implementation of the provisions of the Central Act, to prepare the model of a Bill which the Legislatures of the States would be expected to enact.

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Preface; Report of the Weights and Measures (Law Revision) Committee; First Schedule; Second Schedule; Appendices A to F.

### RECOMMENDATIONS

#### Revision Of The Central Law

In view of the adoption, by the CGPM and the OIML, of the SI units, the standards of weights and measures which were established by the 1956-Act, have become obsolete. For example, the primary units of area, capacity and volume, which were established by

the 1956-Act, have not been included in the base units specified under the SI; they have been specified, under the SI, as derived units. Similarly, the unit of length in navigation by sea or air, namely, the nautical mile, established by the 1956-Act, has now become a special unit outside the SI. Out of the other primary units established by the 1956-Act, substantial refinements have been made by the SI with regard to the base units of time, luminous intensity and thermodynamic temperature. A new unit, namely, the 'mole' as the base unit of amount of substance has been added to the SI.

Under the SI, the units of weights and measures have been divided into three categories, namely: (i) base units, (ii) supplementary units, and (iii) derived units. This scheme of division of the units of weights and measures into three categories, does not exist in the 1956-Act. The use of certain other units outside the SI has been permitted by the CGPM; most of these units are not also included in the standards established by or under the 1956-Act. In view of the very substantial modifications of the international units of weights and measures, on which the 1956-Act was based, the substitution of that Act by a new legislation, incorporating SI and other units, has become an urgent necessity. In consideration of such a necessity, the OIML has prepared the draft of a legislation, giving recognition to the SI and other units, which the member-countries are expected to enact. India, being a signatory to the Convention whereby OIML was constituted, is, therefore, under an international obligation to undertake a legislation to give effect to the SI and other units of weights and measures.

The draft of the Central Bill, prepared by the Committee, which seeks to replace the 1956-Act, establishes the seven base units of the SI as the base units of weights and measures. The Central Bill also provides for the adoption of such supplementary, derived, special or other units, as may be recommended by the CGPM or the OIML from time to time, as also decimal multiples and sub-multiples of these units. The Central Bill further empowers the Central Government to add, to modify or omit, by rules, such supplementary, derived, special or other units of weights and measures and their decimal multiples and sub-multiples whenever such addition, modification or omission is recommended by the CGPM or the OIML, or both.

#### Base Unit Of Numeration

In addition to the seven base units recommended by the CGPM, the proposed Central Bill envisages the establishment of base unit of numeration. Numeration, being a form of measurement, comes within the ambit of weights and measures and as such Parliament is competent to establish the standards of numeration.

The Central Bill provides, on the analogy of the provisions of article 343(I) of the Constitution of India, that the base unit of numeration shall be the unit of the international form of Indian numerals and that every numeration shall be made in accordance with the decimal system.

Although India was the originator of the decimal system of numeration, which has been accepted by most of the countries of the world, unfortunately it is not being followed in India. As a result, there has been in use, in India, a multiplicity of forms of numeration, for example, dozen, gross, great gross, multiples of four, multiples of five, etc. Although there are two systems of numeration in millions and billions, namely, the British system and the American system, both the systems of numeration are being followed in India, without indicating, in either case, which of the two aforesaid systems of numeration has been followed. Under the American system, one thousand million makes a billion, but under the British system one million times of one million make a billion. If both these systems of numeration are followed in addition to the system of numeration in lakhs and crores, confusion and difficulties in trade and commerce are bound to arise. It is, therefore, very necessary to remove this confusion by establishing a standard system of numeration. The adoption of the decimal system of numeration is also a logical corollary to the adoption, in India, of the decimal system of coinage and the metric system of weights and measures. The standardisation of the system of numeration would also make calculations easier.

#### Inter-State Trade And Commerce

There is no provision in the 1956-Act, with regard to inter-State trade and commerce in weights or measures or in any commodity which is sold or distributed in the course of inter-State trade and commerce, by weight, measure or number. The evidence which was given before the Committee indicates that this omission has very adversely affected the freedom of inter-State trade and commerce in weights and measures and in other commodities, although such freedom of trade and commerce is guaranteed by article 301 of the Constitution of India. The evidence further indicates that the said omission in 1956-Act has given rise to several types of malpractices. The Committee is, therefore, of the opinion that restrictions on the freedom of inter-State trade and commerce in weights and measures and other commodities should be removed and such suitable provisions should be included in the Central Bill as would ensure the proper verification of the weights, measures and other commodities in relation to which any inter-State trade and commerce takes place. While Parlia-

ment is competent to legislate with regard to inter-State trade and commerce (vide entry 42 of the Union List), the State Legislature is competent to provide only for the regulation of trade or commerce within the State (vide entry 26 of the State List). The regulatory provisions with regard to the inter-State trade and commerce in weights and measures and in other commodities which are sold by weight, measure or number, can, therefore, find a place in a Parliamentary legislation only.

One member of the Committee, however, expressed a doubt as to whether Parliament is competent to legislate with regard to inter-State trade and commerce in weights and measures because, under entry 29 of the State List, the State Legislature is competent to legislate with regard to weights and measures excepting the establishment of the standards thereof. The Chairman of the Committee explained to the member that the Central law envisaged by the Committee does not relate to any matter which is relatable to entry 29 of the State List, but to inter-State trade and commerce in weights and measures which is exclusively relatable to entry 42 of the Union List. Since the member concerned was not satisfied with the said explanation, the Chairman referred the question to the Law Secretary to the Government of India for an opinion. The Law Secretary has recorded his opinion, the relevant portion of which runs as follows :

“Entry 29 of List II deals with weights and measures except establishment of standards. In this connection the question arises whether this entry would stand in the way of the proposed legislation.

There is nothing in entry 42 of List I to indicate that it is subject to entry 29 of List II. Whenever it is intended that an entry in one legislative list should be subject to the provisions of an entry in another legislative list, the Constitution itself contains express provisions for the purpose.... In the absence of any such provision in entry 42 of List I, it would be open to Parliament to enact the proposed legislation to regulate inter-State trade and commerce in weights and measures.”

The controversy is thus concluded by the opinion of the Law Secretary.

#### Verification And Stamping Of Weights And Measures Sent From One State To Another

For the regulation of inter-State trade and commerce in weights and measures, the Committee proposes to divide weights and measures into two categories, namely :

(i) Those which are not required to be dismantled before their despatch to the other State and are not likely to lose accuracy by reason of their transport from

one State to another; and

(ii) Those which are required to be dismantled before their despatch to the other State and are required to be re-assembled before their use in the other State.

The Committee feels that the power to verify and stamp the weights and measures of the second category, should lie exclusively with the Government of the State in which they are re-assembled and put to use. But the power to verify and stamp the weights and measures of the first category should lie with the Government of the State in which they are either manufactured or in which their movement originates. The verification and stamping made on any weight or measure of the first category in the State in which it is manufactured or in which its movement originates should be, normally, acceptable to all the State Governments so that trade and commerce in weights and measures of the first category may be free throughout the territory of India, as envisaged by article 301 of the Constitution. Care has, however, been taken to ensure that there may not be any confusion between the weights and measures of the first category which are intended to be used for trade and commerce within the State and those which are intended for inter-State trade and commerce. It has, therefore, been provided that the weights and measures of the first category which are intended for inter-State trade and commerce should be stamped with a special stamp by the Government of the State in which they are manufactured or in which their movement originates. With a view to ensuring the uniformity of such stamp, power is proposed to be given to the Central Government to lay down the specifications of such special stamp. A weight or measure bearing a special stamp may, however, be used in the State in which such special stamp is made on it.

A weight or measure of the first category bearing the special stamp made in a State would not normally be required to be verified and stamped in any other State until its re-verification has become due by efflux of time. The period of re-verification will, however, be computed from the date of sale or delivery thereof to the consumer.

Provision has, however, been made for the verification and stamping of any weight or measure of the first category where the authority in the receiving State has any reason to believe that such weight or measure has, in the course of transit, lost its accuracy. In such a case, verification and stamping of the weight or measure of the first category may be made, for reasons to be recorded in writing and communicated to the Controller of the State in which the special stamp was made. When such verification and stamping is made in the receiving State, the special stamp which was made thereon should be obliterated and no fee, should be

charged in the receiving State for such verification and stamping and for the obliteration of the special stamp. Re-verification fees could, however, be charged in the receiving State when such re-verification becomes due by efflux of time.

In order to ensure the freedom of movement of weights and measures of the first category from one State to another, it is necessary to provide that the fees for verification and stamping of such weights and measures should be uniform. The rules should, therefore, provide for a uniform scale of fees, depending on the extra work involved in ensuring the accuracy of the weight or measure. With a view to ensuring that the income derived, at present, by the State Governments from the fees for verification and stamping of weights and measures may not suffer, it would be necessary to fix such verification and stamping fees as to ensure that there is no overall loss of income to the State Governments.

Some members of the Committee expressed an apprehension that the scheme with regard to the verification and stamping of weights and measures of the first category may lead to a loss of income to the receiving State. The Committee felt that such loss of income may be very easily offset by slightly increasing the fee for re-verification of all the weights and measures in use in the receiving State.

A further question was raised as to whether the slight increase in re-verification fees would not have the effect of increasing the burden on the consumer. The acceptance of a weight or measure of the first category, if stamped in the State of manufacture, throughout the territory of India would remove the need of the manufacturer, etc., to appoint agents in different States and would also enable him to save the expenditure which he would have had to incur, but for these provisions, to take back the rejected weights and measures. The savings thus made by the manufacturer are likely to be reflected in the price of weights and measures and consequently a slight increase in the fees for re-verification is not likely to cause an overall increase in the liability of the consumer.

The Committee found that in most of the States the total income derived from fees for verification and stamping of weights and measures exceeds the amount spent by the State Government for the maintenance of the organisation for the verification and stamping of weights and measures. But instead of spending the excess income for the development and expansion of the said organisation, the amount representing such excess income is being credited to the general revenues of the State. The Committee would like to point out most humbly, to the State Governments that according to the decisions of the Supreme Court this practice is contrary to law. The Supreme Court has repeatedly

pointed out that there is a difference between a tax and a fee; while a tax is required to be merged into the Consolidated Fund, a fee should be earmarked and set apart for the performance of the service for which it is levied and it should not be merged in the Consolidated Fund.

According to the decision of the Supreme Court in *Commission, Hindu Religious Endowments, Madras vs. Lakshminidra Thirtha Swamir*, a fee is generally defined to be a charge for a special service rendered to individuals by some governmental agency. The amount of fee levied is supposed to be based on the expenses incurred by the Government in rendering the service, though in many cases, the costs are arbitrarily assessed ..... The distinction between a tax and a fee lies primarily in the fact that a tax is levied as a part of a common burden, while a fee is a payment for a special benefit or privilege. Fees confer a special capacity, although the special advantage, as for example, in the case of registration fees for documents or marriage licences, is secondary to the primary motive of regulation in the public interest. Public interest seems to be at the basis of all impositions, but in a fee it is some special benefit which the individual receives..... It is absolutely necessary that the levy of fees should, on the face of the legislative provision, be correlated to the expenses incurred by Government in rendering the service..... ordinarily there are two classes of cases where Government imposes 'fees' upon persons. In the first class of cases, Government simply grants a permission or privilege to a person to do something, which otherwise that person would not be competent to do and extracts fees, either heavy or moderate, from that person in return for the privilege that is conferred. In such cases, the tax element is predominant. And if the money paid by licence-holders goes for the upkeep of roads and other matters of general public utility, the licence fee cannot but be regarded as a tax. In the other class of cases, the Government does some positive work for the benefit of persons and the money is taken as the return for the work done or the services rendered. If the money thus paid is set apart and appropriated specifically for the performance of such work and is not merged in the public revenues for the benefit of the general public it could be counted as fees and not as a tax.

According to the decision of the Supreme Court in *Mahant Shri Jagannath Ramanuj Das vs. State of Orissa* (in which the principles laid down in the first-mentioned case were reiterated), "Our Constitution, however, has made a distinction between a tax and a fee for legislative purposes..... A tax is undoubtedly in the matter of a compulsory exaction of money by a public authority for public purposes, the payment of which is enforced



by law. But the essential thing in a tax is that the imposition is made for public purposes to meet the general expenses of the State without reference to any special benefit to be conferred upon the payers of the tax. The taxes collected are all merged in the general revenue of the State to be applied for general public purposes. Thus, tax is a common burden and the only return which the taxpayer gets is the participation in the common benefits of the State. Fees, on the other hand, are payments primarily in the public interest but for some special service rendered or some special work done for the benefit of those from whom payments are demanded. Thus in fees there is always an element of quid pro quo, which is absent in a tax. Two elements are thus essential in order that a payment may be regarded as a fee. In the first place, it must be levied in consideration of certain services which the individuals accepted either willingly or unwillingly. But this by itself is not enough to make the imposition a fee, if the payments demanded for rendering of such services are not set apart or specifically appropriated for that purpose but are merged in the general revenues of the State to be spent for general public purposes."

This above view was further explained by the Supreme Court in *Hingir-Rampur Coal Co. vs. State of Orissa*, where it held "whereas a tax is imposed for public purposes and is not, and need not be supported by any consideration of services rendered, a fee is levied essentially for services rendered, and as such there is an element of quid pro quo between the person who pays the fee and the public authority which imposes it..... Tax recovered by the public authority invariably goes into the Consolidated Fund which ultimately is utilised for all public purposes, whereas a cess levied by way of fee is not intended to be, and does not become, a part of the Consolidated Fund. It is earmarked and set apart for the purposes of services for which it is levied ..... In regard to fees, there is, and must always be, correlation between the fee collected and the service intended to be rendered ..... Cases may arise where under the guise of levying a fee, the legislature may attempt to impose a tax; and in the case of such a colourable exercise of legislative power, courts would have to scrutinize the scheme of the levy very carefully and determine whether, in fact, there is a correlation between the service and the levy or whether the levy is either not correlated with the service or is levied to such an excessive extent as to be a pretence of a fee and not a fee in reality. In other words, whether or not a particular cess levied by a statute amounts to a fee or tax, would always be a question of fact to be determined in the circumstances of each case. The distinction between a tax and a fee is, however, important, and it is

recognized by the Constitution".

The principles laid down by the Supreme Court in the above-mentioned cases were reaffirmed by that Court in a very recent case, namely, *Indian Mica and Micanite Industries vs. State of Bihar*. It was held in that case that the "power of any legislature to levy fee is conditioned by the fact that it must be, by and large, a quid pro quo for the service rendered. If a levy purporting to be a fee is found to be an exaction without doing any service or if it is found that the levy is wholly disproportionate to the service rendered, then the levy becomes invalid".

After reviewing the decisions given by the Supreme Court in the earlier cases, the Supreme Court held in the said case that "it is clear that before any levy is upheld as a fee it must be shown that the levy has reasonable correlation with the service rendered by the Government. In other words, the levy must be proved to be a quid pro quo for the service rendered. But in these matters, it will be impossible to have an exact correlation. The correlation expected is one of a general character and not as of arithmetical exactitude.

In view of the repeated decisions of the Supreme Court on the point, the Committee would like to emphasize that where the income derived from the fee collected for verification and stamping of weights and measures is in excess of the expenditure incurred for the maintenance of the organisation for the enforcement of the law relating to weights and measures, such excess income should either be earmarked and separated for the development and expansion of such organisation or the scales of fees should be so reduced that the benefit of such reduction may be derived by the consumers; but in no case should such excess income be merged in the general revenues of the State.

#### Commodities In Packaged Form

With the rapid modernisation of trade and industry all over the world, the off-take of packaged commodities has received an impetus because of the ease with which they can be transported and marketed. That is why, OIML has recommended the regulation of the indication of the net weight or measure of a commodity contained in a package. All the advanced countries have already enacted legislations regulating trade and commerce in packaged commodities.

Trade and commerce in commodities packed in one State is not generally confined to that State but extends beyond its frontiers. Accordingly, inter-State trade and commerce in packaged commodities falls within the ambit of entry 42 of the Union List and as such Parliament is competent to regulate such trade and commerce. Where, however, any commodity packed in any State

is not sold or distributed outside that State, trade and commerce in such packaged commodity would be regulated by the law made by the legislature of that State.

When any commodity, which is sold by weight or measure, is put in a package, it becomes difficult for the purchaser to ascertain the weight or measure of the net contents of the package because he has no means to weigh or measure such contents unless he has opened the package or adopted other means to ascertain the net contents. The size of the package does not always give a correct idea as to the net weight or measure of the contents thereof. Unless the weight or measure of the net contents of a package are accurately and prominently stated thereon, such omission may deprive the consumer of the opportunity of making any assessment as to the comparative advantages or disadvantages of purchasing a particular package. It is, therefore, necessary to ensure that the weight or measure of the net contents of a package are clearly and legibly stated on every package.

The Committee has noticed that, in some cases, even where the weight or measure of the net contents of a package has been stated thereon, it has been stated in such a place or in such small letters and figures and in such a way as not to attract the attention of the consumer. The Committee has also noticed that in some cases indications of the weight or measure of the net contents on package have been qualified by certain expressions like "when packed" "gross weight", "net weight of the package", etc., which deprive the customer of the knowledge as to the weight or measure of the net contents of the package at the time of his purchase.

There is also a practice of packaging commodities which correspond to seers, pounds, ounces, gallons, etc., for example, the net weight or measure is shown as 930g (which corresponds to 1 seer), 454g (which corresponds to 1 lb, 112 ml (which corresponds to 4 ozs) or 4.5 litres (which corresponds to 1 gallon). Since seer, gallon, pounds, ounce, etc., are no longer valid units of weight or measure in India, the practice of packaging commodities in accordance with such units of weight or measure is undesirable because it not only keeps alive the units which have been abolished but also leads to difficulties in the computation and comparison of prices.

In order to simplify the calculations and comparison of prices, it is desirable that commodities should be packed in round quantities, such as 100 ml, 500 g, 500 ml, etc.

There is also a need for uniformity in the packaging of the same or similar commodities. The Committee has found that often the same commodity is packed in a large variety of sizes. This practice results in confusing the consumer as to the economics of his pur-

chase by depriving him of the facilities of comparison of the prices of packages containing the same commodity of equal weight or measure. The proliferation of net weight or measure, which is detrimental to the consumer, requires regulation in such a way as to ensure that the more commonly used commodities are packed in sizes of uniform denominations.

There are instances where commodities in packaged form are sold with the indication of the number of servings without disclosing the weight or measure of each such serving. In order to protect the consumer, it has been provided in the law envisaged by the Committee that the net weight or measure of each such serving should be indicated on the package.

There are certain commodities which undergo change in weight or measure, by reason of the loss of moisture or by reason of other natural causes, during the period intervening between the date of packaging and the date of sale. In such cases, it is necessary that before packing any such commodity, due account should be taken of such losses. Rules will have, therefore, to be framed for specifying the extent of such losses. The net weight or measure of a commodity should be stated on the package at the time of packaging in accordance with such rules so that neither the manufacturer nor the consumer may be put to any financial or other loss.

As a measure of consumer protection, it has been provided that the unit retail sale price of every commodity contained in a package should be stated on the package. It is not the intention of the Committee to provide for the control or regulation of any price. The intention is that the consumer should have the facility of comprising the unit price stated on different packages with a view to finding out which package would give him the best advantage. The units in accordance with which the retail price should be stated on the packages would be provided by rules. But broadly speaking, the intention is that where the commodity is sold by kilogram, the unit price should indicate the price per kilogram or where the commodity is sold in units of 100 grams, the unit price should indicate the price per 100 grams, and so on. It has also been provided that in the case of any advertisement, along with the unit price of any commodity in packaged form, the net weight or measure of the commodity contained in such package should also be stated in the advertisement so that the consumer may get a clear idea as to the economics of the advertised commodity.

Instances are also not rare where the packers have, with a view to attracting customers, taken resort to deceptive packaging of commodities without disclosing adequately the net weight or measure of the commodity contained in the package. This practice is not only

likely to cause loss to the consumer but is also likely to generate unfair competition. The law envisaged by the Committee seeks to put a curb on such practice.

### Approval Of Models

Since the standards of performance and accuracy of weights and measures manufactured in different States may vary widely, it is necessary to establish a uniformity in the standards of performance and accuracy of weights and measures manufactured in one State and used in other States. It will not be possible to ensure uniformity, unless the capacity of such weight or measure to render the expected performance and to maintain accuracy over a prolonged period of use is established after a rigorous test, before the large-scale manufacture thereof is permitted. The purpose of such a test will not be achieved unless it is done at a well-equipped laboratory. Proliferation of such laboratories is not practicable, and such proliferation would not only lead to extra expenditure but is also likely to lead to varying standards of test. It is, therefore, necessary to establish a Central Laboratory so that the standards of test may be uniform. Such Central Laboratory may be modelled more or less, on the lines of the Physikalisch Technische Bundesanstalt (PTB) of the Federal Republic of Germany.

The Committee feels that the insistence on the approval of the model of every weight or measure and every weighing and measuring instrument, which is intended to be sold or distributed in the course of inter-State trade and commerce, may put such a strain on the Central Laboratory as to make it impossible for it to cope with the volume of the work. The Committee is, therefore, of the opinion that, for the present, no model of any ordinary cast iron or brass weight, or measure or capacity measure need be submitted to the Central Laboratory for approval. For the same reason, the Committee also feels that the existing models of weighing or measuring instruments, which are intended to be sold or distributed in the course of inter-State trade and commerce, need not be submitted to the Central Laboratory for approval. But in case any Controller of Legal Metrology has any reason to believe that any such model requires a test by the Central Laboratory, he may obtain one such instrument from the market and forward it to the Central Laboratory for test. The fees for such test should be borne by the State Government employing such Controller.

In the opinion of the Committee, the model of every weight or measure, except those specified in the previous paragraph, which is proposed to be manufactured for the first time after the commencement of the proposed law should be submitted to the Central Laboratory for a rigorous test of its capacity to render the expected

performance and to maintain the expected accuracy over a prolonged period of use, before its large-scale manufacture is undertaken. This obligation should, however, be limited to the models of weights or measures which are intended to be sold or distributed in the course of inter-State trade and commerce. Similar obligations would arise in respect of the models of weights and measures which are intended to be used or sold exclusively within the State in which they are manufactured if so provided by the law made by the State Legislature.

The Committee also feels that where any model has been approved by the Central Laboratory, the different sizes or capacities of such model, if manufactured on the same principle on which the approved model has been manufactured, need not be submitted for approval.

The system of submission of models of weights and measures for testing, as envisaged by the Committee, is practised in all the advanced countries of the world, but not in India. Such a practice has also been recommended by the OIML. In view of the recommendations made by the OIML, the Committee has included provisions in the Bill for the approval of models of weights and measures which are intended to be sold or distributed in the course of inter-State trade and commerce. In relation to the weights and measures intended to be sold or distributed within the State in which they are manufactured, it would be open to the State Government to provide for the approval of models of such weights and measures and provisions to that effect have been included in the Model Bill for the States.

It was represented to the Committee that sometimes the materials of an approved model become non-available in India, and if this happens, the manufacturer will have no option but to close the factory unless the use of a substitute material is permitted. The Committee feels that in such a case, the manufacturer may continue the manufacture of such weight or measure with such available substitute material as may, in the opinion of the manufacturer, have the same properties as the approved material. But in such a case the manufacturer should, before commencing manufacture with such substitute material, inform the Central Laboratory of his intention to do so, and send to that Laboratory a sample of the substitute material for testing, and, thereafter continue the manufacture with the substitute material proposed by him. On receipt of such information and sample, the Central Laboratory may, if it is of opinion, that the substitute material proposed by the manufacturer does not have the requisite properties, suggest such other material as may be, in its opinion, better than the one proposed by the manufacturer; and where such a better material has

been suggested by the Central Laboratory, the manufacturer should be under an obligation to use only the material suggested by the Central Laboratory.

#### Quotations, Etc., In Relation To Inter-State Trade And Commerce

The Committee has observed that contracts are being entered into, tenders called for, quotations of prices made and dimensions expressed, in a variety of standard and non-standard units of weights or measures in relation to commodities which are sold or distributed, or in relation to services rendered, in the course of inter-State trade and commerce. Since the object of the Central law is to establish common units of weight and measure throughout the territory of India, it is necessary to ensure that every such contract, tender, quotation or dimension should be entered into, called for, made or expressed in accordance with the standard units of weight or measure. Necessary provisions have, therefore, been involved in the Bill.

#### Survey And Collection Of Statistics

The standards of weights and measures established by or under the Central laws are intended to be progressively extended to different fields of human endeavour as and when it is felt that it would be convenient to extend such standards to that field. It is, therefore, necessary to make surveys and collect statistics with a view to ascertaining whether any particular field is ripe for the extension of the standards of weights and measures established by or under the Central law. Such surveys and collection of statistics are also necessary to find out how far, and to what extent, the standards of weights and measures established by or under the Central law have been implemented in the fields to which the law has already been extended. Necessary provisions empowering such surveys and collection of statistics have been included in the Central Bill.

#### Training

With the rapid development of the country, the use of sophisticated instruments for weighing and measuring is progressively increasing. With the advance of science and technology, such instruments are expected to become more and more sophisticated in future and the standards of accuracy of each such instrument are expected to be much higher than those of the instruments which are in use at present. With a view to ensuring that the personnel of the Department of Legal Metrology is well trained to verify any sophisticated weighing or measuring instrument, it is necessary to give them training not only in legal Metrology but also in advanced science and technology. For impart-

ing such training, it is necessary to establish a Central Training Institute which should be well-equipped to give the requisite training to the personnel of the Department of Legal Metrology, as also to other persons who may require or desire such training.

There was an Institute at Patna, run by the Government of Bihar, for imparting training to the Officers of the Departments of Weights and Measures of the various State Governments. The Institute has recently been taken over by the Central Government with a view to developing it as the Central Training Institute as envisaged by the Committee. The Committee feels that the said Institute should be renamed as the Indian Institute of Legal Metrology.

The Committee understands that there is a prospect of receiving technical assistance from the Government of the Federal Republic of Germany for the development of the Central Training Institute. The Committee feels that such assistance, if received, would not only be very welcome, but would also help the Government to strengthen expeditiously the implementation of the standards of weights and measures established by or under the Central law.

#### Import And Export

With a view to ensuring that the provisions of the proposed law may not affect the export of any weight, measure, measuring instrument or packaged commodity to any country which has not yet accepted the metric system of weights and measures, provisions have been made in the Bill to the effect that in addition to the standard units specified by or under the proposed law, weights and measures in accordance with the units of weight or measure prevalent in the country to which the export is proposed to be made may, if so required by the person to whom the export is to be made, also be indicated on the weights, measures, measuring instruments or packages.

Similarly, in order to ensure that the provisions of the proposed law may not affect any trade or industry for which any machinery, part or component is required to be imported from any country, where the metric system of weights and measures is not prevalent, provision has been made in the Bill to the effect that it will be sufficient if such machinery, etc., is accompanied by drawings, etc., in which measurements are also mentioned according to the metric system. Where, however, it is not possible to get the drawings, etc., expressed according to the metric system, the importer would be permitted to get the measurements on drawing, etc., to be expressed according to the metric system within six months from the date of import.

## Penal Provisions

While the standards of weights and measures were established by the 1956-Act, no provision was made therein for punishment for the contravention of any of the standards established by or under that Act. The Laws made by the Legislatures of the States to implement the standards of weights and measures established by or under the 1956-Act were confined to commercial transactions. The result was that in relation to non-commercial transactions, penal action could not be taken even where, in the course of such transactions, the standards of weights and measures established by or under the 1956-Act were contravened. This lacuna in the law has, to a large extent, prevented the successful implementation of the standards of weights and measures in the fields not covered by the State legislation. The Committee, therefore, feels that the said lacuna should be removed and provisions should be made in the Central law for punishment for the contravention of the provisions thereof. Accordingly, necessary provisions have been included in the Central Bill. Care has, however, been taken to ensure that such penal provisions do not, in any way, overlay the penal provisions specified in the State law. The respective fields in which the two laws would operate have been made distinct and separate.

## Machinery For The Implementation Of The Law

The responsibility for the implementation of the standards established by the Central Act lies with the State Governments. Adequate care has been taken to ensure that there is no encroachment by the Central Government on the powers of the State Government. The responsibility for the implementation of the other provisions of the Central law, however, lies on the Central Government. Hence the Central Bill as envisaged by the Committee, has conferred certain powers on the Central Government, including the power to—

- (a) regulate the custody and maintenance of national prototypes and national standards;
- (b) specify derived, supplementary and other units of weights and measures;
- (c) regulate inter-State trade and commerce in weights, measures and other commodities;
- (d) prescribe verification fees for weights and measures which are sold or distributed in the course of inter-State trade and commerce;
- (e) ensure the implementation of legal metrology in relation to weights and measures which are exported or imported;
- (f) provide for training;
- (g) undertake survey and collection of statistics;
- (h) implement the recommendations of the CGPM and the OIML; and

(i) participate in the meetings of the CGPM and the OIML.

In view of the fact that these powers can be exercised only by the Central Government, it is necessary to establish, at the Centre, appropriate machinery for the implementation of these provisions of the Central law. The maintenance of such machinery is also essential for coordinating and guiding the activities of the authorities in the different States with a view to ensuring that the implementation of standards of legal metrology is uniform in all the States. There exists, at present, a Directorate of Weights and Measures at the Centre. The Committee feels that in view of the expanded activities, as envisaged by it, it would be necessary to expand, progressively, the said Directorate, and, for the reasons stated in Chapter VI of this Report, to re-name that Directorate as the Directorate of Legal Metrology.

## New Provisions

Besides including provisions with regard to the several topics indicated above, the Central Bill, as envisaged by the Committee, also includes certain provisions which do not exist in the 1956-Act. These provisions relate to the following matters, namely—

(a) The definitions of certain expressions, such as,—“commodity in packaged form”, “dealer”, “Director”, “export”, “false weight and measure”, “import”, “International Organisation of Legal Metrology”, “inter-State trade or commerce”, “label”, “manufacturer”, “notification”, “person”, “premises”, “reference standards”, “repairer”, “sale”, “scale”, “stamp”, “transaction”, “verification” and “weight or measure”;

- (b) Over-riding effect of the law;
- (c) Units of weights and measures to be based on the metric system;
- (d) Base unit of numeration;
- (e) Custody, maintenance, verification, etc., of national prototypes and national standards (including reference, secondary and working standards);
- (f) Specification of physical characteristics, configuration, etc. of weights and measures;
- (g) Specification of what constitutes standards of weights and measures;
- (h) Prohibition of manufacture and use of non-standard weights or measures;
- (i) Prohibition of inscriptions on weights and measures in accordance with any unit other than the standard unit;
- (j) Custody and verification of standard equipment;
- (k) Appointment of Director and other staff;
- (l) Power of inspection;
- (m) Forfeiture of false weights and measures;

(n) Appeal against orders for forfeiture of false weights and measures and orders relating to approval of models;

(o) Levy of fees for approval of models, registration of exporters and importers, appeals, etc.

### **The (Name Of State) Weights And Measures Bill, 1972**

#### **A Bill**

to provide for the enforcement of the standards of weights and measures established by or under the Central Act and for matters connected therewith or incidental thereto.

Be it enacted by the Legislature of the State of (Name of State) in the Twenty-third Year of the Republic of India as follows :—

#### **Chapter I**

1. Preliminary (1) This Act may be called the (Name of State) Weights and Measures Act, 1972.

(2) It extends to the whole of the State of.....

(3) It shall come into force on such date as the State Government may, by notification, appoint, and different dates may be appointed for different—

(a) provisions of this Act,

(b) areas,

(c) classes of undertakings,

(d) classes of goods,

(e) classes of weights and measures, or

(f) classes of users of weights and measures,

and any reference in such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision in such areas, or in respect of such classes of undertakings, goods, weights and measures in relation to which this Act has been brought into force.

2. Act not to apply to Inter-State Trade or Commerce : Nothing in this Act shall apply to any inter-State trade or commerce in any weight or measure or in any other goods which are sold, delivered or distributed by weight, measure or number.

3. Definitions : In this Act, unless the content otherwise requires,—

(a) “Additional Controller” includes a Joint Controller, Deputy Controller and an Assistant Controller appointed under Section 5;

(b) “authorised seal or stamp” means a seal or stamp made under, and in accordance with, the provisions of this Act;

(c) “Central Act” means the Standards of Weights and Measures Act, 1972;

(d) “Controller” means the Controller of Legal Metrology appointed by the State Government under

Section 5;

(e) “counterfeit”, in relation to a seal or stamp, means a seal or stamp which is so made as to resemble an authorised seal or stamp, as the case may be, intending by that resemblance to practise deception, or knowing it to be likely that deception will thereby be practised.

Explanation 1.—It is not essential that the resemblance of the counterfeit seal or stamp to the authorised seal or stamp should be exact.

Explanation 2.—When a person causes a counterfeit seal or stamp to resemble an authorised seal or stamp and the resemblance is such that if a person relies on such seal or stamp, he might be deceived thereby, it shall be presumed, until the contrary is proved, that the person so causing the seal or stamp to resemble the authorised seal or stamp intended by means of that resemblance to practise deception or knew it to be likely that deception would thereby practised ;

(f) “heap” means any unit of a commodity for sale where such sale is intended to be made without any weighing or measurement or, where the sale is made by number, without counting the number ;

(g) “Inspector” means a person who is appointed as such under Section 5, by whatever name called ;

(h) “Mint” means a mint of the Central Government ;

(i) “notification” means a notification published in the Official Gazette ;

(j) “prescribed” means prescribed by rules made, under this Act ;

(k) “protection” means the utilisation of any weight or measure, or any reading obtained with the help of any weight or measure, for the purpose of determining whether or not any step is required to be taken to safeguard the well-being of any human being or animal, commodity, vegetation or thing, whether individually or collectively ;

(l) “standard weight or measure” means a weight, measure or number which conforms to the standards established in relation thereto by or under the Central Act ;

(m) words and expressions used in this Act and not defined but defined in the Central Act shall have the meanings respectively assigned to them in that Act.

4. Provisions of this Act to Override the Provisions of any other Law except the Central Act : The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any enactment other than this Act and the Central Act or in any instrument having effect by virtue of any enactment other than this Act or the Central Act.

## Chapter II

### Appointment Of Controllers, Inspectors And Other Officers

5. Appointment of Controllers, Inspectors and other Officers and Staff : (1) The State Government may, by notification, appoint a Controller of Legal Metrology for the State and as many Additional, Joint, Deputy or Assistant Controllers, Inspectors and other officers and staff as may be necessary for exercising the powers and efficiently discharging the duties conferred or imposed on them by or under this Act.

(2) Every Additional Controller, appointed under sub-section (1), shall exercise such powers, and discharge such functions, of the Controller, as the State Government may, by notification, authorise in this behalf.

(3) The Controller may, by general or special order, define the local limits within which each Additional Controller or each Inspector shall exercise the powers and discharge the duties conferred or imposed on him by or under this Act.

(4) Subject to the provisions of this Act, every Additional Controller and every Inspector shall perform his functions and discharge the duties of his office under the general superintendence, directions and control of the Controller and shall exercise those powers and discharge those duties in the same manner and with the same effect as if they had been conferred or imposed on him directly by or under this Act and not by way of authorisation.

(5) The Controller and every Additional Controller may also—

(a) Perform all or any of the functions of, and

(b) Exercise all or any of the power conferred by this Act or any rule or order made thereunder, on, an Inspector.

6. Power to Authorise Inspector to Adjust Weights or Measures : Where the Controller is of opinion that it is necessary so to do, he may, by an order in writing, authorise an Inspector, or other officer not below the rank of an Inspector, to adjust any weight or measure in any area within the local limits of his jurisdiction.

7. Controller and Officers appointed under this Act to be Public Servants : The Controller and every Additional Controller, and every Inspector and every other person authorised to perform any duty by or under this Act, shall be deemed to be a public servant within the meaning of Section 21 of the Indian Penal Code. (45 of 1860).

8. Protection of Action taken in Good Faith : No suit, prosecution or other legal proceeding shall lie against the Controller, any Additional Controller, or any Inspector or any other person authorised to perform any duty by or under this Act in respect of anything

which is in good faith done or intended to be done under this Act or any rule or order made thereunder.

## Chapter III

### General Provisions In Relation To Standard Weights And Measures

9. Prohibitions of use of Weights and Measures other than Standard Weights and Measures : (1) Notwithstanding any custom, usage or method of whatever nature, no weight or measure other than the standard weight or measure shall be used or kept in any premises within the State of...in such circumstances as to indicate that such weight or measure is intended, or is likely, to be used for any weighing or measurement.

(2) Any custom, usage, practice or method of whatever nature which permits a person to demand, receive, or cause to be demanded or received, within the State of..., any quantity of article, thing or service in excess of, or less than, the quantity specified by weight or measure in the contract or other agreement in relation to the said article, thing or service shall be void.

(3) On and from the commencement of this Act, no weight, measure or number, other than the standard weight, measure or number, shall be used in, or form the basis of, any contract or other agreement in relation to any trade or commerce within the State of...

(4) Any contract or other agreement, which contravenes the provisions of sub-section (3), shall be void.

10. Use of Weights only or Measures only in certain cases : (1) The State Government may, by rules made in this behalf, direct that in respect of the class of goods or undertakings or users specified there in—

(a) no transaction, dealing or contract shall be made or had, or

(b) no industrial production shall be undertaken, or

(c) no use for protection shall be made, within the State of..., except by such weight, measure or number as may be specified in the said rules.

(2) Any rule made under sub-section (1) shall take effect in such area, from such future date and subject to such conditions, if any, as may be specified therein.

11. Prohibition of Quotations, etc., otherwise than in terms of Standard Units of Weight, Measure or Numeration : Except where he is permitted under the Central Act so to do, no person shall, in relation to any goods or things which are sold, transferred, distributed or delivered or any service rendered, within the State of...,—

(a) quote, or make announcement of, whether by word of mouth or otherwise, any price or charge, or

(b) issue or exhibit any price list, invoice, cash memo or other document, or

(c) prepare or publish any advertisement, poster or



other document, or

(d) indicate the contents of any package either on itself or on any label, carton or other thing, or

(e) indicate the contents on any container, or

(f) express, in relation to any transaction, industrial production or protection, any quantity or dimension, otherwise than in accordance with the standard units of weight, measure or numeration.

#### Chapter IV

##### Custody And Verification Of Standard Equipments

**12. Custody and Verification of Reference Standards :** Every reference standard, supplied by the Central Government to the State Government, shall be kept at such place and in such custody as may be prescribed, and no such reference standard shall be deemed to be a reference standard and shall be used as such unless it has been verified and authenticated in accordance with the rules made under the Central Act.

**13. Preparation of Secondary and Working Standards :** The State Government may cause to be prepared at a Mint as many sets of secondary standard or working standard, verified and authenticated by the Mint in such manner as may be specified under the Central Act, as it may think necessary.

Provided that where the Mint intimates the State Government in writing that it is unable to prepare secondary standard or working standard weight or measure, that Government may cause such secondary standard or working standard weight or measure to be prepared by such person as it may think fit and such secondary standard or working standard weight or measure shall be verified and authenticated by such authority as may be specified by rules made under this Act and every such verification and authentication shall be made in the manner specified under the Central Act.

**14. Verification, Stamping and Custody of Secondary or Working Standards :** (i) Every secondary standard or working standard shall conform to the standards established by or under the Central Act and shall be verified with the reference standard or secondary standard, as the case may be, in such manner and at such periodical intervals as may be specified by or under that Act and shall, if found on such verification to conform to the standards established by or under that Act, be stamped.

(ii) Where any secondary standard or working standard is stamped under sub-section (i), a certificate shall be separately issued showing the date on which such weight or measure was stamped.

(iii) Every verification and stamping referred to in sub-section (i) shall be made by such person or authority as may be prescribed.

(iv) A secondary standard or working standard which is not verified and stamped in accordance with the provisions of sub-section (i) shall not be deemed to be a secondary standard or working standard, as the case may be, and shall not be used for the verification of any working standard or, as the case may be, of any weight or measure, not being a national prototype or a reference standard or secondary standard.

(v) Every secondary standard shall be kept at such place and in such custody as may be prescribed.

**15. Secondary or Working Standard which may not be stamped :** Where the State Government is of opinion that by reason of the size or nature of any secondary standard or working standard, it is not desirable or practicable to put a stamp thereon, it may direct that instead of putting a stamp on such secondary standard or working standard conforms to the standards established by or under the Central Act and every secondary standard or working standard so certified shall be deemed to have been duly stamped under this Act on the date on which such certificate was issued.

#### Chapter IV-A\*

##### Registration Of Users Of Weights And Measures

**15A. Persons using Weights or Measures for Transactions or Industrial Production or for protection to get themselves Registered :** No person, not being an itinerant vendor, shall use any weight or measure in any transaction or for industrial production or for protection unless he is registered in accordance with the provisions of this Chapter.

**15B. Procedure of Registration :** (1) Every person, who intends to commerce or carry on the use of any weight or measure in any transaction or for industrial production or for protection, shall make, within such time as may be prescribed, an application for the inclusion of his name in a register to be maintained for the purpose (hereafter in this section referred to as the "register of users").

2. The register of users shall be maintained in such form and in such manner as may be prescribed.

3. The application referred to in sub-section (1) shall be made to the Controller or to such other person as the Controller may, by general or special order, in writing, authorise in this behalf and every such applications shall be made in such form, in such manner and on payment of such fees, not exceeding one rupee, as

\*This additional Chapter is intended to be adopted by those States which intend to provide for the registration of users of weights and measures. In case this Chapter is adopted, such consequential changes as may be necessary shall be required to be made at the appropriate places.



may be prescribed.

4. On receipt of the application referred to in sub-section (1), the Controller or the person authorised by him shall include the name of such person in the register of users and issue to the applicant a certificate to the effect that his name has been so included.

5. A certificate issued under sub-section (4) shall be valid for the period specified therein and may be renewed from time to time for such period and on payment of such fees, not exceeding one rupee, as may be prescribed.

15C. **Punishment for Non-registration :** Whoever uses any weight or measure in any transaction or for industrial production or for protection shall, unless he is registered in accordance with the provisions of this Chapter, be punished with fine which may extend to five hundred rupees, and for the second or subsequent offence, with imprisonment for a term which may extend to six months, or with fine, or with both.

**Note :** If this Chapter is adopted, then in sub-section (2) of Section 69, after clause (c), the following clause shall be inserted, namely :—

“(ca) The time within which an application referred to in sub-section (1) of Section 15B shall be made,

(cb) The form and manner in which the register referred to in sub-section (2) of Section 15B shall be maintained,

(cc) The form and manner of the application referred to in sub-section (1) of Section 15B and the fees for the issue of renewal of any certificate of registration,

(cd) The form of certificate to be issued under sub-section (4) of Section 15B and the period for which such certificate shall be valid.”

## Chapter V

### Manufacture, Repair Or Sale Of Weights Or Measures

16. **Prohibition on the Manufacture, Repair or Sale of Weight or Measures without Licence :** (i) No person shall make, manufacture, repair or sell any weight or measure unless he holds a valid licence issued in this behalf by the Controller authorising such person to do so :

Provided that a person who bona fide repairs in his premises any weight or measure owned by him shall not be required to take out a licence referred to in this sub-section if he, in the opinion of the Controller,—

(a) has the technical competence and the necessary equipment to repair such weight or measure, or

(b) having the necessary equipment for the repair of such weight or measure in his possession, has persons in his employment who have the technical competence to repair such weight or measure.

(ii) Every licence issued under this section—

(a) shall be in such form as may be prescribed ;

(b) shall be issued on payment of such fees as may be prescribed ;

(c) shall be valid for such period as may be specified therein;

(d) may be renewed from time to time; and

(e) may contain such conditions and restrictions as may be prescribed.

(iii) Every licence issued under the (Name of State) Weights and Measures (Enforcement) Act, 19...shall, if in force immediately before the commencement of this Act, continue to be in force until the expiry of the period of its validity or until the cancellation thereof, whichever is earlier, and may be renewed under this Act if an application for its renewal is made in the prescribed form at least one month before the expiry of the period of its validity.

(iv) A person who intends to commence, after the commencement of this Act, business as a maker, manufacturer, repaier or seller of any weight or measure, shall make an application in such form as may be prescribed, for the issue of a licence and every licence so issued may be renewed if an application for its renewal is made in the prescribed form at least one month before the expiry of the period of its validity.

(v) The Controller may, if he is satisfied that the maker, manufacturer, repairer or seller, as the case may be, of any weight or measure was prevented by sufficient cause from making application for the renewal of his licence before the expiry of the period of the validity thereof, permit him to make the application within a further period of one month from the date of expiry of the said period on payment by him of such further fee, not exceeding the fee which is payable for the issue of the licence.

(vi) On receipt of an application for the issue of a licence under this section, the Controller may, if he is satisfied, after making such inquiry as he may think fit, that the applicant fulfils the prescribed conditions, issue such licence :

Provided that no application for the issue of licence shall be rejected unless the applicant has been given a reasonable opportunity of making representation against the proposed action.

(vii) No application for the renewal of a licence issued under this section shall be rejected unless—

(a) the holder thereof [has been given a reasonable opportunity of showing cause against the proposed action; and

(b) the Controller is satisfied that—

(i) the application has not been made within the time specified in this section, or

(ii) the applicant has made any statement in, or in relation to, the application for the issue or renewal of

the licence which is incorrect or false in any material particular, or

(iii) the applicant has contravened any provision of the Central Act or any rule made thereunder or of this Act or any rule made thereunder.

(viii) The Controller may require every repairer licensed under this Act to furnish to the State Government security for such sum, not exceeding two thousand rupees, as may be prescribed, to enable that Government to compensate any owner of weight or measure for any loss or damage occasioned by such repairer.

(ix) Nothing in this section shall apply to the sale by a user (who is not a maker, manufacturer, dealer or repairer) of any weight or measure of such description as may be prescribed.

(x) Every licence issued or renewed under this Act shall be displayed in a conspicuous place in the premises where the licensee carries on his business.

**17. Suspension and Cancellation of Licence :** (i) The Controller may, if he has any reasonable cause to believe that the holder of any licence issued, renewed or continued under this Act has made any statement in, or in relation to, any application for the issue or renewal of the licence which is incorrect or false in any material particular or has contravened any provision of the Central Act or any rule made thereunder or of this Act or any rule made thereunder, suspend such licence, pending the completion of any inquiry or trial against the holder of such licence :

Provided that no such licence shall be suspended unless the holder thereof has been given a reasonable opportunity of showing cause against the proposed action.

(ii) The Controller may, if he is satisfied after making such inquiry as he may think fit that the holder of a licence has made a false or incorrect statement of the nature referred to in sub-section (i), or has contravened any law referred to in that sub-section, cancel such licence :

Provided that no such licence shall be cancelled unless the holder thereof has been given a reasonable opportunity of showing cause against the proposed action.

(iii) Every person whose licence has been suspended shall, immediately after such suspension, stop functioning as such licensee and shall not resume business as such licensee until the order of such suspension has been vacated.

(iv) Every licensee whose licence has been suspended or cancelled shall, immediately after such suspension or cancellation, as the case may be, surrender such licence to the authority by which such licence was issued.

(v) Every licensee whose licence has been cancelled shall, within a period of thirty days from the date of

such cancellation (or within such further period, not exceeding three months from such date, as the Controller may, on sufficient cause being shown, allow), dispose of the weights or measures which were in his possession, custody or control on the date of such cancellation, and in the event of his failure to do so, the Controller or any other officer authorised by him, in writing, in this behalf may seize and dispose of the same and distribute the proceeds thereof in such manner as may be prescribed.

**18. Manufacture of Weights or Measures :** Save as otherwise provided in the Central Act, no person shall—

(a) make or manufacture any weight or measure unless such weight or measure conforms to the standards established by or under the Central Act;

(b) make or manufacture any weight or measure with indications thereon of any weight or measure other than the units specified by or under the Central Act.

**19. Prohibition of sale or use of Unstamped Weights or Measures :** No weight or measure which is required by or under this Act to be verified and stamped shall be sold, used or kept for use unless it has been verified and stamped.

**20. Manufacturer, etc., to maintain Records and Registers :** (i) Every maker, manufacturer, repairer or dealer and every person using any weight or measure in any transaction or for industrial production or for protection shall maintain such records and registers as may be prescribed, and if required so to do by an Inspector, shall produce such records and registers before the Inspector for inspection.

(ii) Notwithstanding anything contained in sub-section (i), if the Controller is of opinion that having regard to the nature or volume of the business carried on any maker, manufacturer, dealer, repairer or user of any weight or measure, it is necessary so to do, he may, by order, exempt such maker, manufacturer, dealer, repairer or user from the operation of that sub-section.

## Chapter VI

### Verification And Stamping Of Weights Or Measures

**21. Verification and Stamping of Weights or Measures :** (i) Every person having any weight or measure in his possession, custody or control in circumstances indicating that such weight or measure is being, or is intended to be, used by him in any transaction or for industrial production or for protection, shall, before putting such weight or measure to use, have such weight or measure verified at such place, and during such hours as the Controller may, by general or special order, specify in this behalf (hereinafter referred to as the specified place or specified time).

(ii) Every weight or measure referred to in sub-section (i) shall be re-verified at such periodical intervals as may be prescribed

(iii) Every Inspector shall, for the purpose of verification of any weight or measure, attend the specified place (within the local limits of his jurisdiction) at the specified time and verify every weight or measure which is brought to him at such place and within such time and shall, if he is satisfied that such weight or measure conforms to the standards established by or under the Central Act, put his stamp thereon :

Provided that where any weight or measure is such that it cannot, or should not, be moved from its location, the Inspector shall take such steps for the verification of such weight or measure as may be prescribed.

(iv) Where any verification has been made under sub-section (3), the Inspector shall grant to the person referred to in sub-section (i) a certificate in the prescribed form indicating therein the particulars of the weight or measure verified and stamped by him.

(v) Where the Controller is of opinion that by reason of the size or nature of any weight or measure, it is not desirable to put a stamp thereon, he may, by an order in writing, direct that instead of putting a stamp on such weight or measure, a certificate may be issued to the effect that such weight or measure conforms to the standards established by or under the Central Act and every weight or measure so certified shall be deemed to have been duly verified and stamped under this Act.

22. Display of Certificates of Verification : Every certificate of verification granted under this Act shall be displayed in a conspicuous place in the premises where such weight or measure is being, or is intended to be, used in any transaction or for industrial production or for protection.

23. Validity of Weights or Measures duly Stamped : (i) A weight or measure which is, or is deemed to be, duly verified and stamped under this Act shall be deemed to conform to the standards established by or under the Central Act at every place within the State of... unless it is found on inspection or verification, that such weight or measure does not conform to the standards established by or under that Act.

(ii) No weight or measure which is, or is deemed to be, duly verified and stamped under this Act shall require to be re-stamped merely by reason of the fact that it is being used at any place within the territory of the State of... other than the place at which it was originally verified and stamped :

Provided that where a verified weight or measure, installed at one place, is dismantled and re-installed at a different place, such weight or measure shall not be put into use unless it has been reverified and stamped, notwithstanding that periodical re-verification of such

weight or measure has not become due.

## Chapter VII

### Inspection, Search, Seizure And Forfeiture

24. Power to Inspect : (i) An Inspector may, within the local limits of his jurisdiction, inspect and test, at all reasonable times, any weight or measure which :—

(a) Is being, or is intended to be, used, or

(b) Is in the possession, custody or control of any person, or

(c) is in or on any premises,

in such circumstances as to indicate that such weight or measure is being, or is intended or likely to be, used in any transaction or for industrial production or for protection, and may also verify whether such weight or measure is in conformity with the standards established by or under the Central Act.

(ii) For the purpose of ascertaining the correctness of any weight or measure used in any transaction, any Inspector may also test the weight or measure of any article sold or delivered to any person in the course of, such transaction.

25. Power of Inspector to require production of Weight or Measure or Records for Inspection : (i) An Inspector may, if he has any reasonable cause to believe that an offence punishable under this Act has been, or is likely to be, committed in respect of any weight or measure or that any weight or measure does not conform to the standards established by or under the Central Act, require, at all reasonable times, the person having the custody or control of such weight or measure to produce before him for inspection every such weight or measure which—

(a) Is used by such person or is caused by such person to be used by any other person, or

(b) Is in the possession, custody or control of such person for use, or

(c) Is kept in or on any premises for use in any transaction or for industrial production or for protection.

(ii) The Inspector may also require the production of every document or other record relating to the weight or measure referred to in sub-section (i) and the person first mentioned in that sub-section shall comply with such requisition.

(iii) On inspection, whether under Section 24 or under this section, the Inspector may obliterate the stamp on any weight or measure—

(a) Which does not, or cannot be made to conform to the standards established by or under the Central Act :

Provided that where the Inspector is of opinion that the defect or error in such weight or measure is

not such as to require immediate obliteration of the stamp, he shall serve a notice on the user of such weight or measure informing him of the defect or error found in the weight or measure and calling upon him to remove the defect or error within such time, not exceeding eight days, as he may specify and shall :

(i) If the user fails to remove the defect or error within that period obliterate the stamp, or

(ii) If the defect or error is so removed as to make the weight or measure conform to the standards established by or under the Central Act, verify such weight or measure and put his stamp thereon ;

(b) Which does not admit of proper adjustment owing to its being broken, indented or otherwise defective ;

(c) Which, since the last verification and stamping, has been repaired or readjusted but does not, after such repair or readjustment conform to the standards established by or under the Central Act ;

(d) Which, being due for verification, has not been submitted for such verification.

**26. Power of Inspector to Enter Premises :** (i) An Inspector may, if he has any reason to believe, whether from any information given to him by any person and taken down by him in writing or from personal knowledge or otherwise, that an offence punishable under this Act has been, or is likely to be, committed in relation to any weight, measure or other goods which are sold, delivered or distributed by weight, measure or number, enter, at all reasonable times, into any premises :

(a) Where such weight or measure is used, or kept or believed to be kept for use, in any transaction or for industrial production or for protection,

(b) Where such goods are manufactured, packed, distributed or sold or kept or offered for sale in packaged form, and inspect or verify any weight or measure or the net contents, by weight, measure or number, of any package, and may also examine any document or other record relating thereto.

(ii) An Inspector may at all reasonable times enter into any premises for such purposes other than those specified in sub-section (i), as may be prescribed.

**27. Power to Search :** (i) Where the Controller has reason to believe that any weight or measure, liable to be seized under this Act, or any document or thing in relation to any weight or measure, will be, in his opinion useful for or relevant to, any proceeding under this Act, is secreted in any place, he may search or authorise any officer, not below the rank of an Inspector, to search for such weight or measure, document or thing, and the provisions of Sections 102 and 103 of the Code of Criminal Procedure, 1898 (5 of 1898), shall apply to every such search.

(ii) Every authorisation made by the Controller under sub-section (i) shall be deemed to be a warrant referred to in Section 102 of the Code of Criminal Procedure, 1898. (5 of 1898).

**28. Power of Inspector to seize any Weight or Measure :** (i) An Inspector may seize and detain any weight or measure in relation to which an offence under this Act appears to have been committed or which is likely to be used in the commission of such offence, and may also seize and detain any goods sold or delivered, or cause to be sold or delivered, by such weight or measure :

Provided that where any goods seized under this sub-section are subject to speedy or natural decay, the Inspector may dispose of such goods in such manner as may be prescribed.

(ii) Where any weight or measure or any article is seized and detained under sub-section (i), the Inspector may also seize and detain any document or other record relating to such weight, measure or article.

**29. Inspector to re-seal Packages where net contents are found to have been correctly stated :** If, on verification of any commodity in packaged form, the net weight, measure or number of commodity contained in the package or container is found to agree with the net contents thereof, as stated on the label thereon, the Inspector shall, where the person from whom such commodity was obtained for verification is :

(a) The manufacture or packer of such commodity, get the commodity re-sealed or re-packed, as the case may be, or

(b) A person who buys or sells such commodity, in wholesale or retail, acquire such package or container on payment in cash to such wholesaler or retailer the market price of the commodity contained in such package or container.

**30. Forfeiture :** Every false or unverified weight or measure seized under the provisions of this Act shall be liable to be forfeited to Government.

## Chapter VIII

### Provisions With Regard To Commodities In Packaged Form Sold Or Distributed Within The State

**31. Provisions of the Central Act relating to Packaged Commodities, to apply to Packaged Commodities sold or distributed within the State :** (i) The provisions of the Central Act with regard to commodities in packaged form shall, as far as may be, apply to every commodity in packaged form which is distributed, packed, sold, kept, offered or exposed for sale in the State of.....as if those provisions were applicable to trade or commerce within that State subject to the modification that any reference therein to the Central Govern-

ment and the Central Act shall be construed as references respectively, to the State Government and this Act.

(ii) An Inspector may, from time to time, inspect the weight or measure, or count the number, of the commodity contained in any package which is—

(a) Kept at any place where the commodity is packed; or

(b) Kept, offered or exposed for sale; or

(c) Sold, delivered, held in possession or is in the process of delivery.

Within the State of.....with a view to determining whether the package contains the quantity or number of the commodity as specified on it or on the label thereon.

(iii) Where the Inspector finds, after weighting, measuring or counting, that any package does not contain the quantity or number of the commodity, as specified on it or on the label thereon, or does not conform to the provisions of the Central Act or any rule or order made thereunder, he may seize such package and may also, by order, prohibit the sale of each package which is similar to the seized package and may so mark or seal each such package as to indicate clearly that the sale or delivery of such package has been prohibited, and no such package shall be sold or kept, offered or exposed for sale or delivery or otherwise disposed of unless :

(a) The contents of such package have been brought into conformity with the provisions of the Central Act or any rule or order made thereunder, by the manufacturer, packer or distributor thereof, or

(b) The disposal thereof has been authorised by the Controller.

(iv) No person shall keep in any place, where any transaction is made, any commodity in packaged form which is not for sale, and if any commodity in packaged form is kept in such place in contravention of the provisions of this sub-section, such commodity shall be presumed to have been kept in such place for sale.

## Chapter IX

### Provisions With Regard To The Sale Of Commodities In Any Other Form

32. Sale of Commodities by Number : (i) Where the sale of any commodity is made by number and the number of the commodity delivered to the purchaser in pursuance of such sale is lesser than the number paid for, the seller shall be deemed to have used a false measure.

(ii) Where, in relation to any commodity sold by number, there is a custom or usage of delivering a fixed number of such commodities in addition to the number of commodities paid for, such custom or usage

shall, on and from the commencement of this Act, cease, and if the seller delivers to the purchaser the additional number of commodities in accordance with such custom or usage, he shall be deemed to have used a false measure and the purchaser shall be deemed to have abetted the use of such false measure.

33. Sale of Commodities by Heaps : (i) Where any commodity is sold by heaps, the approximate weight, measure or the number of commodity contained in each heap shall be conspicuously announced by the seller or his agent, if any, either by word of mouth or by a written notice placed on each heap :

Provided that no such announcement shall be necessary in the case of a heap the market price of the contents of which does not exceed one rupee.

(ii) Where, on weighing, measurement or counting of any commodity sold by heap, it is found that the weight, measure or number determined by such weighing, measurement or counting is less than the approximate weight, measure or number announced by the seller or his agent and the deficiency is more than five per cent of such announced weight, measure or number, the seller shall be deemed to have used a false weight or measure.

## Chapter X

### Offences And Penalties

34. Penalty for manufacturing, etc., of non-standard weights or measures : Whoever—

(a) Makes or manufactures, or causes to be made or manufactured (except where he is permitted under the Central Act so to do), any weight or measure in accordance with any standards other than the standards established by or under the Central Act, or

(b) (i) Sells or otherwise transfers, or causes to be sold or otherwise transferred, or

(ii) Lets, or causes to be let, on hire, any weight or measure which has been manufactured in accordance with any standards other than the standards established by or under the Central Act, shall be, punished with imprisonment for a term which may extend to one year, and, for the second or subsequent offence, with imprisonment for a term which may extend to five years and also with fine.

35. Penalty for counterfeitings of seeds, etc. (i) Whoever—

(a) Counterfeits any seals specified by or under this Act or the Central Act; or

(b) Sells or otherwise disposes of any counterfeit seal; or

(c) Possesses any counterfeit seal; or

(d) Counterfeits any stamp whether made under this Act or the Central Act or any rule made under

either of those Acts; or

(e) Removes any stamp made, whether under this Act or the Central Act or any rule made under either of those Acts, or transfers with any stamp so made; or

(f) Removes any stamp made, whether under this Act or the Central Act or any rule made under either of those Acts, and affixes the stamp so removed on, or inserts the same into, any other weight or measure; or

(g) Wilfully increases or diminishes or alters in any way any weight or measure with a view to deceiving any person or knowing or having reason to believe that any person is likely to be deceived thereby, shall be punished with imprisonment for a term which may extend to two years, and, for the second or subsequent offence, with imprisonment for a term which may extend to five years and also with fine.

(ii) Whoever obtains, by unlawful means, possession of any seal specified by or under this Act or the Central Act and uses, or causes to be used, any such seal for making any stamp on any weight or measure with a view to representing that the stamp made by such seal is authorised by or under this Act or the Central Act shall be punished with imprisonment for a term which may extend to two years, and, for the second or subsequent offence, with imprisonment for a term which may extend to five years and also with fine.

(iii) Whoever, being in lawful possession of a seal specified by or under this Act or the Central Act uses, or causes to be used, such seal without any lawful authority for such use, shall be punished with imprisonment for a term which may extend to two years, and, for the second or subsequent offence, with imprisonment for a term which may extend to five years and also with fine.

(iv) Whoever sells, offers or exposes for sale or otherwise disposes of any weight or measure which, he knows or has reason to believe, bears thereon a counterfeit stamp, shall be punished with imprisonment for a term which may extend to two years, and, for the second or subsequent offence, with imprisonment for a term which may extend to five years and also with fine.

**36. Penalty for sale or delivery of Commodities, etc., by non-standard Weight or Measure :** (i) Except where he is permitted under the Central Act so to do, whoever sells, or causes to be sold, delivers, or causes to be delivered, any commodity, article or thing by any weight, measure or number other than the standard weight, measure or number, shall be punished with fine which may extend to two thousand rupees, and, for the second or subsequent offence, with imprisonment for a term which may extend to one year and also with fine.

(ii) Whoever renders, or causes to be rendered, any service in terms of any weight, measure or number

other than the standard weight, measure or number shall be punished with fine which may extend to two thousand rupees, and, for the second or subsequent offence, with imprisonment for a term which may extend to one year and also with fine.

**37. Penalty for keeping non-standard Weights or Measures for use and for other Contraventions :** (i) Whoever keeps any weight or measure other than the standard weight or measure in any premises in such circumstances as to indicate that such weight or measure is being, or is likely to be, used for any—

(a) Weighment or measurement, or

(b) Transaction or for industrial production or for protection,

shall be punished with fine which may extend to two thousand rupees, and, for the second or subsequent offence, with imprisonment for a term which may extend to one year and also with fine.

(ii) Whoever,—

(a) In selling any article or thing by weight measure or number, delivers, or causes to be delivered, to the purchaser any quantity or number of that article or thing less than the quantity or number contracted for or paid for; or

(b) In rendering any service by weight, measure, or number, renders that service less than the service contracted for or paid for; or

(c) In buying any article or thing by weight, measure or number, receives, or causes to be received, from the vendor any quantity or number of that article or thing in excess of the quantity or number contracted for or paid; or

(d) In obtaining any service by weight, measure or number, obtains that service in excess of the service contracted for or paid for, shall be punished with fine which may extend to five thousand rupees, and, for the second or subsequent offence, with imprisonment for a term which may extend to five years and also with fine.

(iii) Whoever enters, after the commencement of this Act, into any contract or other agreement (not being a contract or other agreement for export) in which any weight, measure or number is expressed in terms of any standard other than the standard weight, measure or number established by or under the Central Act, shall be punished with fine which may extend to two thousand rupees, and, for the second or subsequent offence, with imprisonment for a term which may extend to one year and also with fine.

**38. Penalty for contravention of Section 10 :** Whoever, in relation to any specified class of goods, undertakings or users of weights or measures, uses in any transaction or for industrial production or for protection, any weight, measure or number, other than the

weight, measure or number specified by rules made under section 10, shall be punished with fine which may extend to two thousand rupees, and, for the second or subsequent offence, with imprisonment for a term which may extend to one year and also with fine.

39. Penalty for contravention of Section 11: Except where he is permitted under the Central Act so to do, whoever, in relation to any goods or things which are sold, transferred, distributed or delivered, or any service rendered—

(a) Quotes any price or charge, or makes any announcement with regard to the price or charge, or

(b) Issues or exhibits any price list, invoice, cash memo, or other document, or

(c) Prepares or publishes any advertisement, poster or other document, or

(d) Indicates the weight, measure or number of the net contents of any package on any label, carton or other thing, or

(e) Expresses in relation to any transaction, industrial production or protection, any quantity or dimension,

otherwise than in accordance with the standard units of weight, measure or numeration, shall be punished with fine which may extend to two thousand rupees, and, for the second or subsequent offence, with imprisonment for a term which may extend to one year and also with fine.

40. Penalty for contravention of Section 16: Whoever, being required to obtain a licence under this Act, makes, manufactures, repairs or sells any weight or measure, without being in possession of a valid licence, shall be punished with imprisonment for a term which may extend to one year, or with fine which may extend to two thousand rupees, or with both, and, for the second or subsequent offence, with imprisonment for a term which may extend to three years and also with fine.

41. Penalty for contravention of Section 17: A licensee who after the suspension or cancellation of the licence issued, renewed or continued under this Act, omits or fails to stop functioning as a licensee under this Act, shall be punished with imprisonment for a term which may extend to one year,

42. Penalty for contravention of Section 18: Except where he is permitted under the Central Act so to do, whoever makes or manufactures any weight or measure which—

(a) Though ostensibly purports to conform to the standards established by or under that Act does not actually conform to the said standards, or

(b) Bears thereon any indication of weight or measure which is not in conformity with the standards of weight or measure established by or under that Act,

whether such indication is or is not in addition to the said standards,

shall be punished with imprisonment for a term which may extend to one year, or with fine which may extend to two thousand rupees, or with both, and, for the second or subsequent offence, with imprisonment for a term which may extend to three years and also with fine.

43. Penalty for contravention of Section 19: Whoever sells, uses or keeps for use any weight or measure which, being required to be verified and stamped under this Act, has not been so verified and stamped, shall be punished with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both, and, for the second or subsequent offence, with imprisonment for a term which may extend to one year and also with fine.

44. Penalty for contravention of Section 20: Whoever, being required by section 20 to maintain any record or register, omits or fails to do so, or being required by an Inspector to produce any records or registers for his inspection, omits or fails to do so, shall be punished with fine which may extend to one thousand rupees, and, for the second or subsequent offence, with imprisonment for a term which may extend to one year and also with fine.

45. Penalty for contravention of Section 21: Whoever, being required by section 21 to present any weight or measure for verification or re-verification omits or fails, without any reasonable cause, to do so, shall be punished with fine which may extend to five hundred rupees, and, for the second or subsequent offence, with imprisonment for a term which may extend to one year and also with fine.

46. Penalty for contravention of Section 25: Whoever, being required by an Inspector, or any person authorised by or under this Act to exercise the powers of an Inspector, to produce before him for inspection any weight or measure, or any document or other record relating thereto, omits or fails, without any reasonable cause, to do so, shall be punished with fine which may extend to one thousand rupees, and, for the second or subsequent offence, with imprisonment for a term which may extend to one year and also with fine.

47. Penalty for contravention of Section 26: Whoever obstructs the entry of an Inspector, or any person authorised by or under this Act to exercise the powers of an Inspector, into any premises for the inspection or verification of any weight or measure or any document or other record relating thereto or the net contents of any packaged commodity or for any other prescribed purpose, shall be punished with imprisonment for a term which may extend to two years, and,



for the second or subsequent offence, with imprisonment for a term which may extend to five years.

48. **Penalty for contravention of Sections 27 and 28 :** Whoever prevents the controller or any officer authorised by the controller in this behalf, from searching any premises or from making any seizure of any weight, measure, packaged goods, document, record or label, shall be punished with imprisonment for a term which may extend to two years, and, for the second or subsequent offence, with imprisonment for a term which may extend to five years and also with fine.

49. **Penalty for contravention of Section 31 :** (i) Whoever manufactures, distributes, packs, sells or keeps for sale or offers or exposes for sale, or has in his possession for sale, any commodity in packaged form, shall, unless each such package conforms to the provisions of section 31, be punished with fine which may extend to five thousand rupees, and, for the second or subsequent offence, with imprisonment for a term which may extend to five years and also with fine.

(ii) Whoever manufactures, packs, distributes or sells, or causes to be manufactured, packed, distributed or sold, any commodity in packaged form, knowing or having reason to believe that the commodity contained in such package is lesser in weight, measure or number than the weight, measure or number, as the case may be stated on the label thereon, or it does not conform to the provisions of the Central Act or any rule or order made thereunder, shall be punished with imprisonment for a term which may extend to two years, or with fine which may extend to three thousand rupees, or with both, and, for the second or subsequent offence, with imprisonment for a term which may extend to five years and also with fine.

50. **Penalty for contravention of Section 32 :** Whoever is deemed under section 32 to have used, or abetted the use of, any false measure, shall be punished with imprisonment for a term which may extend to one year or with fine which may extend to two thousand rupees or with both, and, for the second or subsequent offence, with imprisonment for a term which may extend to five years and also with fine.

51. **Penalty for contravention of Section 33 :** Whoever sells any commodity by heaps without complying with the provisions of section 33, shall be punished with fine which may extend to one thousand rupees, and, for the second or subsequent offence, with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

52. **Penalty for Tempering with Licence :** Whoever alters or otherwise tempers with any licence issued or renewed under this Act or any rule made thereunder, otherwise than in accordance with any authorisation

made by the Controller in this behalf, shall be punished with fine which may extend to two thousand rupees, or with imprisonment for a term which may extend to one year, or with both.

53. **Penalty for selling or delivering rejected Weights and Measures :** Whoever sells, delivers and disposes of, or causes to be sold, delivered or disposed of, any weight or measures which has been rejected on verification under this Act or the Central Act, or any rule made under either of the said Acts, shall be punished with imprisonment for a term which may extend to one year, or with fine which may extend to two thousand rupees, or with both :

Provided that nothing in this section shall apply to the sale, as scrap, of any rejected weight or measure which has been defaced in the prescribed manner.

54. **Penalty for personation of Officials :** Whoever personates in any way the Controller or the Inspector or any other officer authorised by the Controller shall be punished with imprisonment for a term which may extend to three years.

55. **Penalty for giving False Information or maintaining False Records or Registers :** (i) Whoever gives information to an Inspector which he may require or ask for in the course of his duty and which such person either knows or has reason to believe to be false or does not believe to be true shall be punished with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

(ii) Whoever, being required by or under this Act so to do, maintains any record or register, which is false in any material particular, shall be punished with fine which may extend to two thousand rupees, and, for the second or subsequent offence, with imprisonment for a term which may extend to one year and also with fine.

56. **Wilful verification or disclosure in Contravention of Law :** (i) If any Inspector or any other officer exercising powers under this Act or any rule made thereunder wilfully verifies or stamps any weight or measure in contravention of the provisions of this Act or of any rule made thereunder, he shall, for every such offence, be punished with imprisonment for a term which may extend to one year, or with fine which may extend to two thousand rupees, or with both.

(ii) If any Inspector or other officer who enters into any premises in the course of his duty wilfully discloses, except in the performance of such duty, to any person any information obtained by him from such premises with regard to any trade secret or any secret in relation to any manufacturing process, he shall be punished with imprisonment for a term which may extend to one year, or with fine which may extend to two thousand rupees, or with both.



57. **Vexatious Search :** An Inspector or any other officer exercising powers under this Act or any rule or order made thereunder who knows that there are no reasonable grounds for so doing, and yet—

(a) Searches, or causes to be searched, any house, conveyance or place, or

(b) Searches any person, or

(c) Seizes any weight, measure or other movable property,

shall, for every such offence, be punished with imprisonment for a term which may extend to one year or with fine which may extend to two thousand rupees, or with both.

58. **Penalty for contraventions not separately provided for :** Whoever contravenes any provision of this Act for the contravention of which no punishment has been separately provided for in this Act, shall be punished with fine which may extend to two thousand rupees.

59. **Presumption to be made for certain Cases :**

(i) If any person—

(a) Makes or manufactures, or causes to be made or manufactured, any false weight or measure, or

(b) Uses, or causes to be used, any false or unverified weight or measure in any transaction or for industrial production or for protection, or

(c) Sells, distributes, delivers or otherwise transfers, or causes to be sold, distributed, delivered or otherwise transferred, any false or unverified weight or measure, it shall be presumed, until the contrary is proved, that he had done so with the knowledge that the weight or measure was a false or unverified weight or measure, as the case may be

(ii) If any person has in his possession, custody or control any false or unverified weight or measure in such circumstances as to indicate that such weight or measure is likely to be used in any transaction or for industrial production or for protection, it shall be presumed, until the contrary is proved, that such false or unverified weight or measure was possessed, held or controlled by such person with the intention of using the same in any transaction or for industrial production or for protection.

60. **When Employer to be deemed to have abetted an Offence :** (i) Any employer who knows or has reason to believe that any person employed by him has, in the course of such employment, contravened any provision of this Act or any rule made thereunder, shall be deemed to have abetted an offence against this Act :

Provided that no such abetment shall be deemed to have taken place if such employer has, before the expiry of seven days from the date—

(a) On which he comes to know of the contraven-

tion, or

(b) Has reason to believe that contravention has been made,

intimated in writing to the Controller the name of the person by whom such contravention was made and the date and other particulars of such contravention—

(ii) Whoever is deemed under sub section (1) to have abetted an offence against this Act shall be punished with imprisonment for a term which may extend to one year, or with fine which may extend to two thousand rupees, or with both.

**Explanation :** Dismissal or termination of service of an employee after the expiry of the period specified in the proviso to sub-section (1) shall not absolve any employer of his liability under this sub-section.

61. **Offence by Companies :** (i) If the person committing an offence under this Act is a company, every person, who, at the time the offence was committed, was in charge of, and was responsible to the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly :

Provided that nothing contained in this sub-section shall render any person liable to punishment if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(ii) Notwithstanding anything contained in sub-section (i), where any offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of any Director, Manager, Secretary or other officer, he shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

**Explanation :** For the purposes of this section :

(a) "company" means any body corporate and includes a firm or other association of individuals; and

(b) "director", in relation to a firm, means a partner in the firm.

62. **Cognizance of Offences :** Notwithstanding anything contained in the Code of Criminal Procedure, 1898,—

(a) No court shall take cognizance of an offence punishable under this Act except upon a complaint, in writing, made by the Controller or any other officer authorised in this behalf by the Controller by general or special order;

(b) No court inferior to that of a Presidency Magistrate or a Magistrate of the First Class shall try any offence under this Act;

(c) An offence punishable under sections 34, 36, 37,

38, 39, 40, 43, 49, 50, 51 or sub-section (3) of section 69 may be tried summarily by a Magistrate and no sentence of imprisonment for a term exceeding one year shall be passed in the case of any conviction for an offence which is tried summarily under this section.

63. **Compounding of Offences :** (i) Any offence punishable under section 37, 38, 39, 40, 42, 43, 44, 45, 46, 49, 51, 53, 58 or sub-section (3) of section 69 may either before or after the institution of the prosecution, be compounded, by the Controller or such other officer as may be authorised in this behalf by the Controller, payment for credit to the State Government of such sum as the Controller or such other officer may specify :

Provided that such sum shall not, in any case, exceed the maximum amount of the fine which may be imposed under this Act for the offence so compounded.

(ii) Nothing in sub-section (1) shall apply to a person who commits the same or similar offence within a period of three years from the date on which the first offence, committed by him, was compounded.

**Explanation :** For the purpose of this sub-section, any second or subsequent offence committed after the expiry of a period of three years from the date on which the offence was previously compounded, shall be deemed to be a first offence.

(iii) Where an offence has been compounded under sub-section (1), no proceeding or further proceeding, as the case may be, shall be taken against the offender, in respect of the offence so compounded, and the offender, if in custody, shall be discharged forthwith.

(iv) No offence under this Act shall be compounded except as provided by this section.

64. **Provisions of Indian Penal Code not to apply to any Offence under this Act :** The provisions of the Indian Penal Code, in so far as such provisions relate to offences with regard to weights or measures, shall not apply to any offence which is punishable under this Act, (45 of 1860).

## Chapter XI

### Miscellaneous

65. **Transfer or transmission of Business :** (i) Where the business of a person licenced under this Act is transmitted by succession, interstate or testamentary, the heir or legatee, as the case may be, shall not carry on the business of such licensee either in his own name or in any other name, unless the heir or legatee has, before the expiry of sixty days after the date of such transmission, made to the Controller an application for the issue of a licence in accordance with the provisions of this Act :

Provided that nothing in this section shall be deemed to prohibit the heir or legatee from carrying on business

as such licensee for the aforesaid period of sixty days, and, if he has applied for such licence, until he is granted the licence, or is, by a notice in writing informed by the Controller that such licence cannot be granted to him.

(ii) Where the business of any person licenced under this Act is transferred by sale, gift, lease or otherwise, the transferee or lessee, as the case may be, shall not carry on such business either in his own name or in any other name, unless he has obtained a licence to carry on such business

66. **Licences neither saleable nor transferable :** A licence issued or renewed under this Act shall not be saleable or otherwise transferable.

67. **Appeals :** (i) Subject to the provisions of sub-section (2), an appeal shall be—

(a) From every decision under Chapters IV A,\* V, VI, VII, VIII or IX of this Act, of :

(i) An Inspector;

(ii) An Additional Controller, to the Controller; and

(b) From every decision of the Controller under Chapter IV A\* V, VI, VII, VIII or IX of this Act, not being a decision made in appeal under clause (a) to the State Government or any officer specially authorised in this behalf by the Government.

(ii) Every such appeal shall be preferred within sixty days from the date of the decision appealed against.

Provided that the appellate authority may, if it is satisfied that the appellant was prevented by sufficient cause from preferring the appeal within the said period of sixty days, permit the appellant to prefer the appeal within a further period of sixty days.

(iii) On receipt of any such appeal, the appellate authority shall, after giving the parties to the appeal a reasonable opportunity of being heard and after making such inquiry as it deems proper, make such order, as it may think fit, confirming, modifying or reversing the decision appealed against, or may send back the case with such direction as it may think fit for a fresh decision after taking additional evidence, if necessary.

(iv) Every appeal shall be preferred on payment of such fees, not exceeding twentyfive rupees, as may be prescribed.

(v) The State Government may, on its own motion or otherwise, call for and examine the record of any proceeding (including a proceeding in appeal) in which any decision or order has been made, for the purpose of satisfying itself as to the correctness, legality or propriety of such decision or order and may pass such orders thereon as it may think fit :

Provided that no decision or order shall be varied

\*Optional.

under this sub section so as to prejudicially affect any person unless such person has been given a reasonable opportunity of showing cause against the proposed action.

**68. Level of Fees :** The State Government may, by rules made under section 69, levy such fees, not exceeding :

(a) One hundred rupees, for the issue or renewal of a licence for making, manufacturing, repairing or selling any weight or measure;

(b) Fifty rupees, for the alteration of any licensee;

(c) Five thousand rupees, for the verification of any weight or measure;

(d) Ten rupees, for the adjustment of any weight or measure;

(e) Ten rupees, for the issue of a duplicate of a licence or certificate of verification;

(f) One rupee, for every one hundred words or less, for the grant of copies of any document, not being a document of a confidential nature;

(g) Twenty-five rupees, for any appeal preferred under this Act.

**69. Power to make Rules :** (i) The State Government may, by notification, make rules to give effect to the provisions of this Act.

(ii) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters namely :

(a) The class of goods, undertakings or users in relation to which no transaction, dealing or contract shall be made or had except by such weight measure or number;

(b) The places at which, and the custody on which, the following standards shall be kept, namely :

(i) Reference standards;

(ii) Secondary standards;

(iii) Working standards;

(c) The person by whom or authority by which and the place at which the following standards shall be verified, authenticated and stamped, namely :

(i) Secondary standards;

(ii) Working standard;

(d) The form in which and the manner in which an application shall be made for the issue or renewal of a licence to carry on business as a maker, manufacturer, repairer or dealer of any weight or measure;

(e) The form in which and the conditions, limitations and restrictions subject to which any licensee may be issued and the period of validity of such licensee;

(f) The sum to be furnished by a repairer as security by a licensee;

(g) The description of weight or measure which may be sold by a user;

(h) Disposal of weights or measures after cancell-

ation of licence and the distribution of the proceeds thereof;

(i) The records and the registers relating to weights or measures to be maintained by makers, manufacturers, repairers or dealers;

(j) The period within which weights or measures shall be verified or reverified;

(k) The steps to be taken for verifying any weight or measure which cannot be moved from its location;

(l) The form in which a certificate of verification of any weight or measure shall be granted;

(m) Subject to the provisions of section 26, the purposes for which an Inspector may enter any premises;

(n) The manner of disposal of seized articles which are subject to speedy or natural decay;

(o) Manner of defacement of rejected weights or measures;

(p) The form in which appeals may be preferred and the procedure for the hearing of appeals;

(q) The amount of fees which may be levied and collected for each of the matters specified in section 68;

(r) Any other matter which is required to be, or may be, prescribed.

(iii) In making any rule under this section, the State Government may provide that a breach thereof shall be punishable with fine which may extend to one thousand rupees.

(iv) The power to make rules under this section shall be subject to the condition of the rule being made after previous publication in the official Gazette.

(v) Every rule made under this section shall, as soon as may be, after it is made, be laid before the State Legislature.

**70. Power of State Government to make Provisions of Central Act relating to approval of Models applicable to Models of Weights or Measures intended to be used exclusively within the State :** (i) Where any type of weight or measure manufactured by a licensed manufacturer is such that all the weights or measures of that type, manufactured by him within the State of..... is intended to be sold, distributed or delivered therein, the State Government may, by notification, direct that the model of every such type of weight or measure shall be submitted for approval in accordance with the provisions for sections, 36, 37 and 38 of the Central Act, and thereupon, the provisions of the said sections 36, 37 and 38 shall become applicable to such model, and references in those sections to the "Central Government" and to the "Central Act" be construed as references respectively to the "State Government" and "this Act".

(ii) Where the State Government makes a direction under sub-section (1) in relation to any type of weight or measure, any contravention of the provisions of sec-

tions 36, 37 or 38 of the Central Act in relations to that type of weight or measure shall be an offence punishable under this Act and the punishment provided therefore in the Central Act shall be deemed to be the punishment provided therefor in this Act as if the said provisions relating to punishment were enacted by this Act.

71. Act where not to apply to the Armed Forces of the Union: The provisions of this Act, in so far as they relate to the verification and stamping of weights or measures used for industrial production or for protection, shall not apply to any factory exclusively engaged in the manufacture of any arm or ammunition or both, for the use of the Armed Forces of the Union.

72. Repeal and Saving: (i) The (Name of State) Weights and Measures (Enforcement) Act,.....is hereby repealed.

(ii) Without prejudice to the provisions contained in the .....General Clauses Act,....., with respect to repeals, any appointment, notification, rule, order, registration; licence, certificate, notice, decision, approval, authorisation or consent made, issued or given, under the (Name of State) Weights and Measures (Enforcement) Act,.....shall, if in force at the commencement of this Act, continue to be in force and have effect as if made, issued or given under the corresponding provisions of this Act.

## COMMITTEE ON BROADCASTING AND INFORMATION MEDIA, 1966—REPORT

On Coordination of media of mass Communication  
New Delhi, Ministry of Information and Broadcasting, 1966, xii+41p.  
(Mimeographed)

**Chairman** : Shri Asok K. Chanda.  
**Members** : Shri Nath Pai; Shri L.M. Singhvi; Smt. Kamla Chaudhuri; Shri S. Hasan Zaheer; Dr. Hazari Prasad Dwivedi; Shri S. Mulgaokar.  
**Secretary** : Miss M. Ma'ani.

### APPOINTMENT

The Committee on Broadcasting and Information Media was constituted by the Ministry of Information and Broadcasting in 1966.

### TERMS OF REFERENCE

(i) In terms of Government's responsibility and requirements in the field of mass communication;

(ii) In its relationship to the information and publicity activities of the Ministries of the Union Government and those of the States; and

(iii) In co-ordinating all Government activities in mass communication.

### CONTENTS

Introduction; Part I : Co-ordination—Inter-media Co-ordination; Co-ordination between the Union Ministries; Co-ordination between the Union and State

Governments; Co-ordination with Public Undertakings; Co-ordination with Private Agencies; Part II : The Need for Reorganization; Reorganization of the I & B Ministry; Press Information and Publicity; The Central Information Board—The Press Division, Overseas Publicity Division, Research Division, Radio and T.V. Division, Photo Division, Art Division, Exhibition Division, Field Publicity Division, Publications Division, Administration, Personnel and Finance Division; Regional Organisation; Part III : National Council of Mass Communication; Summary.

### RECOMMENDATIONS

#### Part I

1. Notwithstanding the progress made by India in the field of mass communication, the expansion of the media has been histant, their use unimaginative and their impact negligible :

2. The development of the media of mass communication is still not regarded as part of the development of the country's basic facilities and has been relegated to a very low position in the priorities. Allocation of resources for their development has been woefully insufficient. This has naturally resulted in

inadequate information, poor motivation and insufficient participation by the masses in the country's development programme.

3. The actual expenditure fell short even of the funds allocated. This was due to lack of proper planning, failure to develop facilities and to train personnel side by side with the allocation of funds. There is, therefore, need for an overall plan for the development of the mass media after a thorough study of all the existing facilities, and after fixing the priorities.

4. If to provide adequate finances it is not possible to make necessary grants directly, the ministries concerned should earmark a portion of their own grants to give an impetus to the programmes they sponsor. Functional and organisational adjustments also would lead to a more beneficial utilisation of resources and provide for expansion.

5. Confidence in the faithfulness of official information has to be generated. Suspicion of official information has deepened in India because of an incorrect, even improper, use of the media for personalised publicity and an undue accent on achievements. It is necessary to correct this distortion, and also to pose in proper perspective the many problems which confront the country without withholding adverse facts while at the same time stating convincingly how the remedy lies in the people's own hands.

6. The Union Government should concentrate its information and publicity efforts on national goals on which there can be no difference of opinion, so that the communication media do not become the spokesmen of particular political philosophies followed by the party in power at the Centre, with which large sections of the people and State Governments are not in agreement.

7. The quality of production and the mode of presentation of information material have to be such as to evoke and hold the interest of the community. At present, the media, being adjuncts of conventional ministry, have to function largely within the strait-jacket of unsuitable departmental rules and regulations. Also, the personnel recruited are not, by and large, specialists and experts in the techniques of communication.

8. Mere re-organisation and rationalization of the units on the lines suggested in earlier reports, would not by themselves improve the publicity effort. It would be necessary to synchronise their movement, co-ordinate their use and control and coalesce them into an integrated whole in the interest of proper planning, correct development and usage, and in the sum, of overall efficiency and economy. This would only be possible if there were some well-defined objectives of Government's information and publicity efforts and

each ministry was equipped with the necessary expertise.

#### Inter-media Co-ordination

9. The Ministry of Information and Broadcasting is organised as a conventional administrative ministry and has no mass communication experts in its composition. It has not provided either itself or the media units with a machinery to evaluate their output and also their impact.

10. For the utilization of the media in a purposeful way to produce maximum impact, there has to be central allocation, direction and co-ordination of programmes.

11. The informal groups and committees constituted by the ministry have not provided resolute and sustained expert direction or effective co-ordination and the failure to co-harmonise the use of more than one medium for a common purpose has been largely responsible for the indifferent responses evoked.

12. The ministry has rested content with measuring in the quantitative terms the fulfilment of targets laid down by it. It has not attempted to assess their technical quality or their impact nor, as it is organised, is it competent to do so.

#### Co-ordination Between Union Ministries

13. Though the Ministry of Information and Broadcasting is the organ for formulating and implementing the information policy of the Union Government and for presenting the policies of the Government in a coherent form, free from contradictions, the ministries are disinclined to accept its leadership in the fields of information and publicity. This is because of its low status and its inability, for one reason or another to give the service they need. Certain ministries have felt impelled to set up their own organizations for preparing and releasing special information material. Such duplication is not a healthy trend. The Ministry of Information and Broadcasting should undertake this responsibility by effecting necessary organizational adjustments.

14. While the preparation of special material should be under the guidance of technical experts located in the ministries, the assistance of publicity experts should be called in to give it appeal. This underlines the need for a centralised agency manned with experts in the techniques of publicity. It has, however, to work in harmony with the sponsoring ministries on the basis of advice and consent.

15. Ministries often feel frustrated as the Ministry of Information and Broadcasting, under the present system of budgeting, is unable to mount campaign on their behalf on a scale which they consider essential. The answer to this problem lies in the departments

making provisions in their own budgets for their publicity expenditure.

16. The Campaign Officers and Information Officers have not been accepted by the ministries as experts whose views on publicity and information should be taken seriously.

#### Co-ordination Between The Union And The State Governments

17. States feel aggrieved that they have been bypassed and their co-operation has not been sought on activities intended to bring progress and prosperity to their people. The Central agencies have taken their acquiescence for granted, even in matters for which the constitutional responsibility is that of the States.

18. There has been avoidable duplication of efforts and overlapping of functions between the State publicity outfits and the corresponding Central agencies. In the interest of efficiency and economy, steps should be taken to secure effective co-ordination. It is all the more important as, in several States, Governments have been formed by parties different from the one in power at the Centre. There should be no difficulty in demarcating responsibilities between the Union and the States in regard to generally accepted objectives of national importance.

19. The advice and assistance of States in drawing up programmes would make them more purposeful. The collaboration and the co-operation of the States would have made the rural, educational and Industrial broadcasts more effective and appealing. With proper and satisfactory collaboration, the States could have listening schemes.

20. States complaint against the Films Division would disappear if better liaison and accord could be established between the Union and State agencies.

21. This apathy and disinclination to get together extend to other information units also. The regional offices of the Press Information Bureau do not maintain close contact or work in harmony with the State Information Directorates. Though the assistance of the States concerned in conceiving exhibitions and in the production of panels and exhibits is a prerequisite of their success, this assistance is hardly ever sought.

22. In the matter of publications also, there is no proper system of consultation between the States and the Publications Division in drawing up their respective programmes. Again, there is no satisfactory co-ordination between the sales arrangements of the Central and the States.

23. The posters of the Directorate of Advertising and Visual Publicity do not take account of the special requirements of the different regions.

24. It would be obvious that without a combined

and co-ordinated efforts, the media units cannot be gainfully employed.

25. In the past the co-ordination was sought to be achieved by holding annual conferences of the Ministers of Information of the States with the Minister and senior officials of the Ministry of Information and Broadcasting. These conferences are largely concerned with administrative and financial problems hardly ever touching upon policies, methods of work or co-ordination of activities.

26. Certain decisions of the Conference of State Ministers in July 1966, if implemented in letter and spirit would no doubt secured the co-ordination and ensure a more effective effort in collaboration in the working of the agencies of information.

27. The recommendations of the Conference might improve co-ordination at the State level but it is doubtful if they would bring about greater co-ordination between the media in the field, where it is far more necessary. At present community is exposed to a large number of agencies, each working on its own. This diffusion of effort and responsibility not only costs a great deal of money but it confuses rather than educates and enthuses the rural community. This unsystematic and omnibus approach should be abandoned. A careful study should be made of the needs of each target area and it should be supplied with material of consequence and interest to the community.

#### Co-ordination With Public Undertakings

28. Industrial and scientific development on a large scale is taking place through the agency of autonomous corporations. It would be incorrect to overlook them in a scheme of co-ordinated publicity. The ministries in control should give an overall picture of their growth and achievements. The information which filters through to the ministries should be consolidated and presented to give a composite picture of the development reached.

#### Coordination With Private Agencies

29. Some steps should be taken to collaborate with the private agencies also to get optimum results. The pooling of all available resources would maximise our efforts both qualitatively and quantitatively. This collaboration cannot be brought about in a climate of mutual suspicion and misunderstanding.

30. In a developing country, it is as important to lay down information goals and to define information policy as it is to determine specific economic objectives and policies. The Government of India has not laid an information policy at any time, and communication goals have not been clearly defined. Also, without an overall plan for the development of mass media both

in the public and the private sectors, there can be no improvement.

## Part II

### Need For Reorganisation

31. In spite of the awareness of the need for reorganisation and for coordination the measures adopted so far have been inadequate.

32. In the Indian context it would be undesirable to dispense with official coordination of the media of mass communication.

33. While there is a great deal to be said in favour of making each ministry responsible for its press information, the publicity this way would be more expensive and less efficient and it would render coordination difficult.

### Re-organization Of The I & B Ministry

34. In the interest of efficiency and economy of all the media units, which are under Government control should be placed under a single expert authority.

35. The Ministry of Information and Broadcasting should be remodelled on the lines of the Railway and the Posts and Telegraphs Boards, manned largely by technical personnel. It would be the Board of Information and also the Ministry of Information.

36. The Minister of Information should be responsible for the formulation of information policy for Government as a whole. He should advise the Cabinet on information matters and be accountable to Parliament for the Board's activities. He must have overall responsibility for the development plans in regard to items affecting mass communication. He should also advise other ministers on public relations and publicity concerning their ministries.

37. To play this role the Minister of Information must have a place in the Cabinet and a high standing in the ruling party.

38. The Minister should be supported by a Secretary who would also be ex-officio Chairman of the Central Information Board. The selection of the Secretary must be made with care and with circumspection and the field of choice must be wide.

39. The Board should replace the hierarchy of a conventional ministry. The interposition of a number of officials, unconversant with the needs and the potential of the media, between the Secretary and the heads of the media units is unnecessary, uneconomic and a hindrance to the effective use of the media.

### Press Information And Publicity

40. The Central Information Board should not deal with the press relations and press publicity of the minis-

tries; they should handle these themselves. This is to ensure that the Information Officer attached to a ministry is : (i) considered a part of it, enjoying its confidence (ii) able to handle the ministry's publicity requirements with adequate knowledge, and (iii) given an appropriate status.

41. The Central Information Service, administered by the Ministry of Information, should continue to provide Information Officers on tenure basis to the ministries but the pay of the officers must be met out of the ministries' own budget provisions.

42. If no one is considered suitable in the panel of names proposed by the Ministry of Information the ministry should be free to appoint an Officer from another service or ask the Central Information Board to recruit a person with the required qualifications.

43. Being a part of the ministry the Information Officer must be present at important meetings and conferences and contribute to the discussion. He should be able to advise on possible public reactions to the decisions reached, prepare the press release on policy in the making and informing the ministry of public reactions. His effectiveness as an Information Officer would increase when the press accepts him as the sole spokesman of the ministry.

44. Coordination of press releases of ministries with inter-related functions can be ensured if Secretaries of ministries concerned and also their Information Officers consult their colleagues.

45. The Information Secretary should hold periodic meetings with Information Officers to inform them of the Government's information policy as a whole. He should also iron out difficulties or disputes which may arise in regard to information and publicity matters.

46. The Information Officers, besides being fully responsible for the press, the press relations of the ministries, should also be the link between them and the Board for publicity through media other than the press.

47. Each ministry should have a research cell to collect and provide basic material for press publicity and for campaigns.

### The Central Information Board

48. A small compact Board with technical experts should plan, direct and co-ordinate official publicity.

49. The members of the Board sitting together will plan campaigns and assign tasks to different divisions of the Board, ensuring that they operate in harmony.

50. Individually the members will be responsible for overall control and operation of the divisions under them. Since the heads of the major divisions will be experts in their fields and have adequate powers, the members' responsibility should be confined to major questions of policy and its implementation,



51. The existing media units of the Ministry of Information and Broadcasting should be integrated and formed into four groups. Group I, which should be in-charge of the Chairman, would comprise the Press, Overseas Publicity, Evaluation and Research Divisions. Groups II and III, incharge of technical members, recruited from the Central Information Service, the Films Division, Radio and Television, or from other sources, should include the Radio, Advertising and Publications Divisions. Group IV comprising the Administration, Personnel and Finance Divisions, should be in the charge of a Finance Officer selected in consultation with the Finance Ministry.

52. Three or four part-time expert members should be added to the Board to attend meetings periodically and to advise and assist in its planning functions.

53. The full-time members should have ex-officio status of Joint Secretary and should receive the salary and allowances which go with it. It may be necessary to give a higher rank of Additional Secretary, depending on the individual.

54. A suitably equipped Press Division would provide translation, cyclostyling, distribution and other services to the Information Officers of the different ministries.

55. The Press Registrar's Office should be placed in this division.

56. There should be no Press Adviser in peace time. In times of emergency he should be placed under the Home or Defence Ministry.

57. While the Ministry of External Affairs should have its own press information wing, the External Publicity Division which largely uses material prepared by the media units of the Ministry of Information and Broadcasting should be integrated to form part of the Central Information Board. The Division should be headed and manned by Foreign Service Officers, to provide area specialization and publicity experts of the Board to provide the communication expertise.

58. The Overseas Publicity Division would select films to send abroad and radio transcriptions for foreign broadcasting organisations. It would advise both the Ministries of External Affairs and Information on all matters pertaining to external publicity.

59. Instead of each division having its own evaluation unit, there should be a single unit to assess the effectiveness of the output of all the media. Its activities should be supplemented by special surveys undertaken by independent agencies.

60. The Research Division should be re-organised on the lines indicated in the report on Press Information and Publicity.

61. Communication research has been neglected in spite of its importance. The Indian Institute of Mass

Communication should obtain and make available the results of such research in other countries. The Institute should also undertake basic research in this field.

62. Research into social and economic conditions which have a bearing on policy formulation and the orientation of publicity should be undertaken by the Research Division or by other agencies and the results should be made available to the Board.

63. Until autonomous corporations have been set up for Radio and Television the Director General of All India Radio should be a functional member of the Board. Even after the separation takes place, the Director General of the Radio and Television Corporations should be part-time members to ensure that radio and television are used in co-ordination with other media to further national objectives.

64. The Radio and Television Division of the Board would maintain daily liaison with the Corporations in respect of special programmes connected with national campaigns.

65. The Photo Division, re-organised and merged with the Photo Library as suggested in an earlier report, should provide photo services to all divisions.

66. The Films Division, located in Bombay, should become a part of the Board. The unit to be set up in Delhi, in accordance with the recommendations of an earlier report, should produce films for the Ministries of Defence and External Affairs, for overseas publicity and for television, besides producing regional newsreels. The Delhi unit should provide the necessary link between the sponsoring ministries and the producers in the Films Division or outside. The personnel employed should be competent to brief producers, approve the treatment of themes, and be fully accountable for the quality of the films produced.

67. A common service—Art Division—with a well equipped studio, should serve all the divisions.

68. The Exhibition Division should be responsible for the planning, design, supervision and production of information exhibitions at home and overseas.

69. The division should produce small exhibits and display and organise mobile exhibitions to support campaigns.

70. The division should use the output of the Photo, Films, Publications, and other divisions and rely on private agencies to fabricate exhibits when this is more economical.

71. Only prototypes should be produced by the division. To give exhibits local colour and identification the State Governments should be directly responsible for exhibitions in their States. There should be active collaboration between the Board and the State Governments.

72. The present duplication of efforts between the



Central and State field publicity units is wasteful. For various considerations it would be more economical and effective to strengthen and extend the State organisations by providing equipment, trained personnel, and, if necessary, financial assistance.

73. In those States where field publicity is not well-organised, there should be a phased transfer of responsibility, and meanwhile the Central and State organisations should work in a complementary way.

74. A Conference of Union and State Ministers of Information should be convened to decide on the contents of field publicity and their priorities.

75. The Union Government has radio, film and press through which it projects its points of view. The transfer of field publicity to the States will not make Central publicity less effective.

76. The Union Government should help States to expand their field publicity organisation. Grants on a matching principle would give the necessary impetus.

77. Field publicity in the border areas must be strengthened and enlarged and this must continue to be the responsibility of the Central Government.

78. There should be a small unit in the Board to look after field publicity in the border regions and to direct the units retained, temporarily, in certain States.

79. The Song and Drama Division's activities are basically aspects of field publicity and should be entrusted to the States.

80. The Central units, which should form part of the Field Publicity Division, should become a model unit for demonstration purposes and for putting on shows in border regions.

81. The Advertising Division should be responsible for all display advertising connected with national campaigns and its functioning should be on the lines recommended in an earlier report.

82. The Publications Division was omitted from the scope of the enquiry because in the absence of any regular system of evaluation to gauge the impact of the free publicity material and any system of cost accounting in that division, it would have been impossible to assess the division's efficiency.

83. A publishing agency should either have a press of its own or have standing arrangements with one or more private presses with a prior call on their facilities. The Publications Division has neither. Also, the rules and regulations and the procedure for printing official material apply equally to this division, depriving it of flexibility and freedom which it should possess. *Prima facie* the maintenance of a large unit, without technical and other facilities, seems to be an expensive way of organising publications.

84. The Publications Division should be made one of the components of the Central Information Board.

The Board should, however, consider whether it is obtaining value for money in retaining all the activities of the division. It should also devise a system of internal costing which should reveal the profitability or otherwise of priced publications and throw up separately the cost of free distribution.

85. The Administration, Personnel and Finance Division would undertake the normal duties required of such units. It will have three wings one for each of the above functions. By doing away with the present duplication of work in the Ministry of Information and Broadcasting and its media units, the administration could be carried on with considerably less staff and delay.

86. It would be one of the functions of the Administration Wing to organise efficiently the distribution of all the material provided by the Board and the Press releases of the different ministries.

87. The Personnel Wing would be responsible for the recruitment, training, postings, etc. It must modify its policies periodically to meet the changing demands.

88. The staff in the Board's Office should be broadly divided into two categories. The Central Information Service providing Officers who would be largely used in its information and publicity wings and specialists recruited for work in other creative media. Though the discretion to select an officer from the service or any other source would vest in the ministries, in actual practice the ministries will have to rely largely on the Central Information Service.

89. Proper arrangements should exist for the intensive training of Central Information Service Officers. After the training of Central Information Service personnel should be given job training in different divisions to test their suitability for appointment to one rather than another division. Those with talent and creative ability should be assigned to divisions other than the one where they were initially employed, to provide a corps of versatile officers.

90. There should be refresher courses to keep the staff up-to-date in communications techniques.

91. The training of specialists will be essential before they are absorbed in working posts. It should be broad-based, not limited to the particular technique required. This would give greater flexibility in using and deploying staff. The Indian Institute of Mass Communication should be strengthened to function as a Centre for such training. It should be a forerunner to a chain of departments or Centres in universities which would run courses in different aspects of publicity and information work.

92. Seminars and Workshops should be organised for the improvement of techniques. These should be for the staff of the Board and for those engaged in

similar activities in the States and in private agencies.

93. There should be advanced planning of campaigns by the technical officers of the ministries in close collaboration with the Board and an estimate of the cost should be prepared by the Finance wing and remitted to the ministry concerned for incorporation in its budget estimates. Each individual ministry should make provision in its budget for its information and publicity work.

94. The Planning Commission should provide funds for campaigns which concern more than one ministry and representatives of all the ministries concerned with such campaigns should be consulted in drawing up the campaign.

95. The Board, on undertaking agency functions, would be reimbursed the actual cost; if it is exceeded it will evolve upon the ministry concerned or the Planning Commission to obtain additional allocations. Alternatively, a small contingency grant may be placed at the disposal of the Board to be drawn upon so that a campaign once launched might not be slowed down or halted.

96. To give the complete cost of a scheme it would be advisable to include agency charges as well.

97. The Finance wing will draw up the Board's funds and it would manage the funds appropriated.

#### Regional Organisation

98. The regional offices of the present media units of the Ministry of Information and Broadcasting should be amalgamated to function as the regional organizations of the Board. There should be a regional office

in each major linguistic area with its branch offices if necessary, in centres which cannot be adequately served by the regional office directly.

99. The regional office should be a replica of the Board, equipped with adequate, competent staff and necessary facilities to function in a representative way. It should be in the charge of a senior officer with varied experience who should be given necessary status to maintain liaison with the State Governments, other organizations and the public.

100. The regional office will be responsible for acting as the agent of all the ministries. Its press section should be properly manned and be responsible for translating and distributing in its region the hand-outs issued by various ministries for briefing individual pressmen, and for organising conducted tours, etc. The press section of the regional office should continue to function as the regional office of the Press Information Bureau would have done but with the improvements and changes suggested in an earlier report.

101. Translation of all material produced by the Board should be undertaken in the regional offices except in the case of Hindi and Urdu. Since senior officers who know the regional languages would be posted in these offices, proper supervision of language work would be ensured.

102. If a regional office is to function effectively it must be adequately staffed with officers to handle the various assignments. Competent administrative assistance must be provided to enable the technical officers to get on with their work and not get involved in administrative duties.

## WORKING GROUP ON DEVELOPMENTAL, CONTROL AND REGULATORY ORGANISATIONS, 1966—REPORT

Delhi, Manager of Publications, 1968.

Chairman : Shri Manubhai Shah.

Members : Shri Tikaram Paliwal; Shri S.L. Kirlskar; Dr. B.N. Ganguli; Shri B.D. Kalekar;

Secretary : Shri N.K. Mukarji.

#### APPOINTMENT

The Group was appointed under para 5 of the Government of India (Ministry of Home Affairs, Department of Administrative Reforms) Resolution

No. 40/3/65-AR(P), dated January 5, 1966.

#### TERMS OF REFERENCE

(i) The Group will have a fresh look at the developmental and regulatory organisations of the Government namely, the Coal Controller, the Iron and Steel Controller, Textile Commissioner, Jute Commissioner, with a view to assessing their suitability and effectiveness for carrying out the economic objectives;

(ii) To suggest how best their activities could be

integrated with the activities of the Director General of Technical Development and the organisation of Chief Controller of Imports and Exports;

(iii) To examine their present set up with a view to building up the technical expertise necessitated by their changed role as promotional agencies rather than control organisations as hitherto;

(iv) To examine their several activities which are in the nature of price support measures with a view to ensuring that the organisational structure is adequate for the purpose; and

(v) To examine any other matter relating to their functions with the object of enlarging their contribution towards speedy economic growth.

## CONTENTS

Summary; Findings and Conclusions.

## RECOMMENDATIONS

### Summary Of Findings And Conclusions

1. The Directorate General of Technical Development or the Development Wing, as it was earlier called, has been rendering valuable and significant consultancy service for promoting industry in the country. However, the numerable routine and administrative functions have over-shadowed their essential function, namely, the promotion of industry.

2. We must evolve systems and an administrative structure which can retain the technical excellence of the requisite order in the DGTD which is the chief technical advising agency of the Government. We must also bring about the right relationship between the organization and the decision-making levels in the ministries so that the technical inputs and the policy-making levels are both effective and adequate.

3. The relevant directions will serve the concerned ministries, the overall supervision and service discipline must vest with the DGTD, the new integrated setup recommended by us. Coordination between different Government agencies is a prime necessity at this stage and for the next 15/20 years, the balance of advantage lies in having a composite Technical and Industrial Development Advisory Service for the Government. As the Ministry of Industrial Development is required to perform nodal functions pertaining to the inter-industrial field, the recognized DGTD as its Industrial Development and Technical Service Wing should remain as a centralized integrated service.

4. Indian industry has come of age and has reached a stage where greater mechanization and sophisticated technologies are being harnessed to our needs. The standard of service and technical advice expected now from the technical personnel is consequently of a dis-

sent and of a much higher order than was the case when the present setup was established fifteen years ago. The current requirements necessitate a qualitative and a quantitative change in the structure of this organization.

5. A highly qualified and experienced cadre of technical officers should be created styled as "Industrial Development Service" to man not only the several posts of the DGTD but also jobs like the Technical Members of the Tariff Commission, Textile Development Board, Coal Board, Technical Advisers to the Planning Commission, Senior Technical posts in the DCSSI and the senior posts in the Directorates of Industries of the State Governments.

6. There should be an adequate flow of new blood at all levels and this could be provided by drawing upon the technical personnel from both the public and the private sectors and national research organisations for a limited period of time.

7. The Organization of the DGTD should be divided in six to eight full-fledged Directorates, each headed by a DDG responsible for a specific sector of industry. As the industrial vista expands, new or reorganized directorates can be constituted from time to time.

8. Sugar and Vanaspathi industries, which at present are outside the fold of the DGTD, should be brought within its scope and a Directorate be created at an appropriate level.

9. The present day scales offered to the technical officers are not lucrative enough. The officers of the Industrial Development Service should get the following pay scales:

|                           |               |
|---------------------------|---------------|
| Asstt. Industrial Adviser | Rs. 1800—2500 |
| Industrial Adviser        | Rs. 2500—3000 |
| D.D.G.                    | Rs. 3000—3500 |
| D.G.                      | Rs. 4000      |

In proposing the above three tiers, we have tried to ensure the highest technical competence and expertise in the DGTD so as to guide the institutions, both in private and public sectors to the best extent possible. We have drastically reduced the lower levels so that the files do not have to more than 2 or 3 levels. This level jumping and raising of the standard will help to expedite decisions and disposals.

10. For the initial constitution of the Industrial Development Service, the technical personnel working in the several Government organizations and offices like the DGTD, the Coal Board, the Textile Commissioner, the Jute Commissioner and the Iron and Steel Controller should be screened by the UPSC. The DGTD and the other heads of the organisations enumerated above should be associated in this appraisal so that all the existing competent and suitable technical officers could be fitted into the appropriate grades of the new

service. Officers who are not successful in this initial recruitment will have the option to continue in their present salary scales. We expect the highest standards to be enforced in selecting them.

11. For promotion from one grade to another in the Industrial Development Service itself, there should be no reservation or quotas for recruitment by seniority or promotion alone. Highest technical standards can be maintained only by providing open competitive element at all stages. However, for ensuring the minimum amount of security and stability, we recommend that, for one-third to one-half of the vacancies in the posts of IAS and Deputy DGS, the officers already in the service may be given preference provided they come up to the prescribed rigid standards of competence.

12. In future the Assistant Development Officers and the Development Officers will be the supporting staff for the officers of the Industrial Development Service. The multiplicity of grades and scales in the ranks of the supporting staff prevailing today ought to be rationalized and a common rational pattern be evolved. All the surplus staff can be employed in other jobs elsewhere. This task should be entrusted to an "Official Committee" having representatives from all these organizations and ministries. Such an Official Committee should workout the requirements of the supporting staff for the DGID from amongst the existing staff of the DGID and the other organizations with a view to achieve the maximum absorption of existing staff at appropriate levels and to provide them adequate chances of promotion.

13. Processing and compilation of the information received from the industrial units is an important function of the supporting staff. This data could be a valuable management tool. The Official Committee mentioned above should also, with advantage, have a look at the numerous forms and returns demanded from industrial units so as to ensure that the data collected from the industry is not only meaningful but the very irreducible minimum. The number of forms and returns required from the Industry should be reduced to the minimum.

14. Officers in this cadre should be periodically sent out to the industrial units, both in the public and the private sectors and also to research laboratories and institutions so as to keep their technical competence at a high pitch and to eliminate the danger of technical obsolescence which is likely to arise if they are kept desk-bound in the department too long. The DDGs and DG should also be sent abroad occasionally to enrich their industrial and research experience.

15. Modernization and watch-dog organisations are

required to avoid the risk of obsolescence so as to reduce costs and avoid closure causing loss of production and loss of employment as have been seen in the past. There should, therefore, be a Modernization Wing in the DGID which should continuously study the problems of industries so as to evolve methods to avoid technical obsolescence in any industry. This Wing should also suggest the necessary modifications in tax laws and other methods for ensuring an adequate flow of funds for the modernization of machinery and equipment. The DG should be the Ex-officio Commissioner General of Modernization Wing. Each Directorate should have an officer designated as Modernization Commissioner for the group of industries under the Directorate.

16. The proper forums where the industry could come in contact with the Government would be the Advisory Council for Industry and the various Development Councils constituted under the provisions of the Industries (Development and Regulations) Act. The Development Councils should also be constituted for industries for which they do not exist at present, e.g., steel, textile, coal and jute.

17. To make the Development Councils effective and to secure their purposeful functioning, they should be provided with a permanent small secretariate of their own. These secretariats should be housed in one place in Delhi so that communications between the various Councils could be facilitated. The expenditure for manning the secretariats of the Development Councils could well be met out of the cess to be collected under the provisions of the Industries (Development and Regulations) Act. We recommend that a cess as provided in the Industrial Development Act shall be straightaway levied and utilised for the strengthening of the staff and the organization of the Development Councils.

18. The technical inputs in the decision-making process of the Government should be made effective. In technical matters, the DGID's views should be given the utmost consideration. The DG should be given a position of a Special Secretary to the Government in the Ministry of Industrial Development.

19. Entrepreneurs who are aggrieved by the decision of the technical experts of the Government should be in a position to request the Government to constitute a panel of experts including those from outside the Government to make a reappraisal and review the decision of the DGID.

20. The industrial landscape is changing fast. Apart from the constant vigilance kept in the DGID and the appraisals made by the Planning Commission, it will be most essential to constitute an "Industry Commission" every five years for some time till sizeable

industrialisation is achieved and later on periodically as and when necessary.

The Industry Commission would review the progress made by the different sectors of industries and economy in the past. The Industry Commission would identify the sectoral imbalances that might have developed due to the uneven industrial growth of different sectors and suggest remedial measures so that such imbalances may be rectified. The Industry Commission would also review the past targets and suggest future targets for different groups of industries, and would assess and estimate the inputs both of rupee finance and foreign exchange required for the industries for the next Plan period. The Industry Commission would especially outline the future programmes of import substitution, self-reliance, technological research and development in the field of industries, training of higher levels of technical manpower and export promotion programmes of semi-manufactured and manufactured goods.

21. For looking after specific industries which have assumed large dimensions and require special care for an integrated and balanced development, the appropriate organisation would be an executive type of a Development Board manned by technical personnel of high competence assisted by economists and management experts. These boards should be treated as outposts of the DGID and should be manned by the technical officers equivalent to the rank of the Deputy DGs or Industrial Advisers headed by an officer equivalent in rank to a Deputy Director General. They should have within themselves technical and management competence of the highest order so that they can perform satisfactorily the functions similar to those of the DGID.

22. The industries which should have such Development Boards immediately are textile industries (including Cotton, Jute, Wool and Man-made Fibre) and Coal. So also the "petro-chemicals and agro-chemicals" (Fertilizers and Pesticides etc) and "Machine building industries" ought to be looked after by such small and compact Development Boards for a period of ten years at least. Periodical review of progress would indicate which of the other groups of industries have come up to such dimensions as to need the Development Board approach.

23. These Boards should undertake the following tasks :

(a) Planning of production and setting up of production targets;

(b) Furnish the necessary technical advice to the Governments;

(c) Technical consultancy service to public sector undertakings, autonomous and statutory organizations, like the Tariff Commission and the IFC and also the

industrial units in the private sector;

(d) Provision of necessary inputs to the industry, e.g., supply of raw materials, allocation of foreign exchange;

(e) Collection, maintenance and publication of statistics.

24. The Development Boards should not be treated as subordinate offices under the relevant Ministries of the Government. They should be treated as a part of the secretariat itself. They should have powers to match their responsibilities so that they could be judged by their performances.

25. For looking after the development of the textile industries including Cotton, Wool, Synthetic Fibres and Jute, a high-level "Textile Development Board" should be constituted with 5 full-time members each incharge, of : (i) Cotton, (ii) Jute, (iii) Wool, (iv) Man-made fibers and (v) Member Finance and Administration. The Textile Development Board should also be supported by one Modernization Commissioner, one Textile Machinery Adviser and a Financial Adviser and the Chairman of the Statutory Handloom and Powerloom Board. Though it may be necessary to retain a small control organization to implement the minimum control necessary, the major task of the Board will be to provide the various inputs for development like technical know-how, raw materials, consultancy service etc.

The present posts of Textile Commissioner and Jute Commissioner will be abolished. The Member (Cotton) and Member (Jute) will look after the developmental and other functions in respect of these industries. Each member will be autonomous in respect of the industries in his charge. The Board will look after the overall integral development of the fibre industries and their exports.

26. There should be a Statutory Handloom and Powerloom Board which could be entrusted with the responsibility of planning the development of this sector and for performing other executive functions including implementation of schemes and channelization of funds.

27. The present office of the Iron and Steel Controller should be totally disbanded. It should be replaced by a technical organization as a full-fledged Directorate of Iron and Steel which should be an integral part of the Directorate General of Industrial Development. It should be headed by a Deputy Director General, Iron and Steel. It should have a corps of technologists assisted by a well-staffed, economic and intelligence unit. This DDG, with a small supporting staff can have his headquarters in Calcutta with the minimum staff located in the DGID, Delhi, so as to effectively coordinate the development of Iron and Steel industries with the rest of the engineering industries.

28. The Advisory Council for Industry should also

include the representatives of the steel industry, doing away with the necessity of having a separate Iron and Steel Advisory Council.

29. The Coal Board should be reorganized and the residuary functions of the Coal Controller after decentralisation of the coal, should be entrusted to this Board. This will create a unified agency looking after both developmental and regulatory functions. The Board should be reconstituted so as to have the following membership :

1. The Chairman should be a person of requisite eminence in the technical field of mining and geology;

2. A full-time Member, Technical;

3. A full-Time Member, Finance and Administration;

4. A full-Time Member, Commercial;

5. The Chief Mining Engineer of the Board should be an Ex-officio Member.

Apart from these five full-time Members, the following part-time members should also be included :

(a) Director General, Mines Safety;

(b) Transportation Representative from the Railways;

(c) A Representative of public sector collieries;

(d) A Representative of private sector collieries ;

(e) Two Representatives of principal consumers.

30. The enforcement of Mines Safety Regulations, so far as Coal mines are concerned, should be taken over by the reconstituted Coal Board.

## INQUIRY INTO THE DERAILMENT OF '202 DOWN' PASSENGER TRAIN BETWEEN WADRENGDISA AND DAUTOHAJA STATIONS (NORTH-EAST FRONTIER RAILWAY), ON FEBRUARY 4, 1966—REPORT

Delhi, Manager of Publications, 1967, 10p.

**One-Man Commission :** Shri H. S. Hart.

### APPOINTMENT

The Commission was constituted, under the Ministry of Tourism and Civil Aviation (Commission of Railway Safety) in accordance with Rule 9 of the Railway Board's Notification No. 1926-T, dated 19th March, 1930, on February 4, 1966.

### TERMS OF REFERENCE

To inquire into the derailment of '202 Down' Passenger train between Wadrenghisa and Dautohaja stations on the Lumding-Badarpur Metre Gauge Branch Line of the Northeast Frontier Railway on the night of the 4th February, 1966.

### CONTENTS

Summary; Inspection and Inquiry; Preamble (Brief description of the Accident; Casualties; Composition of the Train; Damage and disposition of the vehicles; Number of Passengers; Weather conditions); Plates I to III; Relief Measures (First-aid and Medical Assistance; Restoration of Communications); Local Conditions

(Description of the Site. Permissible speed); Summary of Evidence; Observations (The Engine; The derailed Coaches; Bridge No. 164; The Permanent Way) Discussion (Speed of the Train; Time of the Derailment; Cause of the Derailment; Night Patrolling; Vigilance of the Engine Crew); Conclusions.

### CONCLUSIONS

#### Cause Of The Derailment

From the evidence available, I have come to the conclusion that the derailment of '202 Down' Passenger train between Wadrenghisa and Dautohaja stations on the Lumding-Badarpur Metre Gauge Branch Line of the Northeast Frontier Railway on the night of the 4th February, 1966 was caused by Bridge No. 164 having been blown up before the train reached the site. The explosion was brought about by some party unknown and was a deliberate act of sabotage.

#### Relief Measures

These were prompt and satisfactory.

# INDIAN STATISTICAL INSTITUTE REVIEW COMMITTEE, 1966—REPORT

New Delhi, Cabinet Secretariat, Department of Statistics, 1966, 85p.

Chairman : Prof. Humayun Kabir.

Members : Shri K.T. Chandy ; Shri P.B. Chowdhury ;  
Shri S. Dutt ; Dr. I.G. Patel ; Dr. S.R.  
Sen Gupta ; Prof. S.S. Shrikhande ; Shri  
M.R. Yardi.

Secretary : Shri S.P. Jain.

## APPOINTMENT

The Indian Statistical Institute, Calcutta, was started in 1932 and registered as a non-profit-distributing learned society under the Societies Registration Act, No. XXI of 1860. The Indian Statistical Institute Act, LVII of 1959, which came into force on April 1, 1960, declared the Institute to be an institution of national importance. In pursuance of Section 9(1) of the aforesaid Act, the Central Government appointed the present Review Committee on February 15, 1966 to review and evaluate the work done by the Institute, to inspect its buildings, equipment and other assets and to advise the Government about : (a) the strengthening and expansion of the regional activities of the Institute ; (b) improvement in its administrative setup and financial control; and (c) its association with the National Sample Survey Work.

## TERMS OF REFERENCE

For the purpose of :

(i) Reviewing the work done by the Institute and the progress made by it ;

(ii) Inspecting its buildings, equipment and other assets ;

(iii) Evaluating the work done by the Institute ; and

(iv) Advising Government on the following matters :

(a) To what extent and in what manner the regional activities of the Institute should be strengthened and expanded ;

(b) In what manner the administrative set up and financial and budgetary control in the Institute should be improved ;

(c) Whether any changes are necessary in the manner and degree of association of the Institute with the work of National Sample Survey ;

(d) Whether in the light of the experience gained so far, any amendments to the Indian Statistical Institute Act, 1959, are necessary to facilitate the working of the Act, which in the opinion of the Central Government

are of importance in connection with the work of the Institute.

## CONTENTS

Introductory ; Historical Role and Objectives ; Research and Training School ; Planning Division ; National Sample Survey ; Statistical Quality Control ; Miscellaneous Activities ; Buildings and Equipment ; Organisation and Management ; Budget and Finance ; Summary of Recommendations ; Appendices I to VIII.

## RECOMMENDATIONS

### Objects

(i) The objects of the Institute as given in the Memorandum of Association should be modified so as to read :

(i) To promote the study and dissemination of knowledge of and research on statistics and related sciences and planning for national development and social welfare ;

(ii) To provide for, and undertake, the collection of information, investigations, projects and operational research for purposes of planning and the improvement of efficiency of management and production ;

(iii) To undertake any other ancillary activity in fulfilment of (i) and (ii) above.

### Research And Training School

(2) The work of the Research and Training School should be expanded and strengthened.

(3) The duration of M. Stat. course should be two years for everyone and efforts should be made to get a larger number of students from outside the Institute.

(4) The Institute may start and maintain small units in the Research and Training School for purposes of research. Subjects for research should be selected with great care and there should be intensive work in a few selected fields instead of frittering away time and resources over a wide range. Only those units should be continued or started which satisfy the specified criteria. There should be periodic assessment to ensure that these criteria are being satisfied. Besides, the continuance or start of each unit should have the specific approval of the Academic Council of the Research and Training School. Expenses on such specialised



units should not exceed twenty per cent of the Research and Training School budget. The Institute should collaborate with other organisations in such fields of research to ensure the best results.

### Planning Division

(5) The Planning Division should be re-organised into a Department of Economic Planning and Social Sciences to carry out training, research and appraisal in the field of planning. It should be constituted as a part of the Research and Training School and organise courses—short and long-terms—for the personnel engaged in planning at various levels. The Head of the Department may be stationed at Delhi. If this is done, he could also function as Regional Head of the Institute at Delhi.

(6) The Delhi Unit of the Planning Division should have no operational link with the Government. For this purpose, it would be desirable to shift the Unit at present located in the building of the Planning Commission to other premises.

(7) The information required by the Institute for its work, whether in possession of the Planning Commission or other departments of the Government, should continue to be available. The Institute should also be in a position to study and wherever possible, participate in the process of thinking involved in the formation of Plans.

### National Sample Survey

(8) The entire National Sample Survey Work consisting of designing, data collection, processing and interpretation, should be brought under one unified control. This work, except for the State of West Bengal, should be entrusted to a new autonomous organization under the Government which would take over the existing work both Institute and the National Sample Survey Directorate. All stages of the work relating to West Bengal should be done by the Institute. The responsibility for finalising the design, including that for West Bengal prepared by the Institute, will be that of the proposed new organisation. In order to avoid dislocation in work, the arrangement may be brought into force from 1st April, 1968. The autonomous organisation proposed above should have an effective Programme Advisory Committee to fix priorities.

(9) The collection of operational statistics by the normal administrative machinery should be strengthened and the ministries concerned should assume full responsibility for data collection in respect of their own needs.

(10) Out of ten Honeywell computers which the Government is receiving from U.S.A., one should be allotted to the Institute.

(11) The questionnaire should be simplified so as to fall into two parts—(a) general which would be the same for the whole country, and (b) regional which would contain questions relevant to a particular region.

(12) At present, there are heavy arrears relating to National Sample Survey Work in the Institute. The Department of Statistics should immediately take a decision which part of arrears of National Sample Survey Work should be completed. This work should be isolated and tackled by the new organisation.

(13) No employee of the Institute should be thrown out of employment as a result of the proposed re-organisation.

### Statistical Quality Control

(14) The Statistical Quality Control Division of the Institute should be adequately strengthened by the provision of necessary funds and trained personnel.

(15) Diploma course in Statistical Quality Control (SQC) should be started at Delhi, Bombay and Bangalore.

(16) The SQC Policy Advisory Committee should be reactivated.

(17) The Commerce Ministry should give a fillip to SQC work by making it obligatory for : (a) public sector undertakings, (b) large factories, (c) industries with an export orientation, and by providing adequate subsidy for SQC activities.

### Miscellaneous Activities

#### 1. Society-type Activities

(18) The Institute should pay special attention to its society-type activities by arranging conferences, etc., at headquarters and branches and publishing reports thereof and by reactivating dormant branches and opening new ones. It should be given an adequate earmarked grant for this purpose and after five years the question of separating the society-type activities from the Institute may be re-examined.

#### 2. Electronic Division

(19) The work of designing and fabricating computers and their components is not a legitimate activity of the Institute.

#### 3. Documentation Research And Training Centre

(20) For the time being, the Centre may continue as a part of the Institute but the position should be re-examined after five years.

#### 4. The Kalyanshri Unit

(21) This Unit should be transferred to the State Government or to a suitable voluntary organisation.



## 5. Appraisal Division

(22) The work of the Appraisal Division is not relevant to the Institute's main objectives. To the extent its work is necessary, the Unit should form part of the Research and Training School.

## 6. Family Planning

(23) The Family Planning Unit should be placed under an appropriate organisation in the Ministry of Health.

(24) Crop Museum, Agricultural Chemistry Unit and Agricultural Farm should be placed under appropriate organisations in the Ministry of Food and Agriculture.

## 7. Visiting Scientists

(25) The visits of foreign scientists and scholars to the Institute should be carefully planned. A programme of invitations should be drawn up every year by the Director concerned and approved by the Executive Committee.

## Buildings And Equipment

(26) Full assessment of the present and future utilisation of lands and buildings in the possession of the Institute at Baranagar should be made. A comprehensive lay-out should be drawn up for the building activities in the Baranagar area for the next five years.

(27) The Institute should make plans as to how it proposes to utilise lands owned by it at different places. Lands not required in the foreseeable future should be disposed of.

(28) Premises of the Research and Training School should be recommended and more space to be provided for research workers.

(29) There should be a properly planned and phased programme for providing housing to essential academic and non-academic staff.

(30) Various units including records located in different parts of Calcutta should be shifted to Baranagar. The premises at 9-B, Esplanade East, may, however, be retained.

(31) (a) Before any new construction is taken in hand, the Executive Committee of the Institute should satisfy itself that extra accommodation is needed ;

(b) For all construction, open tenders should be invited and approved ;

(c) All new constructions should be entrusted to a reputed firm of architects on mutually agreed terms ;

(d) Construction should be supervised by a fully qualified Engineer attached to the Institute ; and

(e) Separate accounts for building operations should be maintained and a system of internal audit introduced.

(32) The Guest House at Delhi should be immediately closed. The guests of the Institute should be accommodated in the Central Government hostels in Delhi or in any hotel. The position about guest houses at Calcutta and Giridih should also be examined.

(33) The practice of using hired premises for the combined purposes—official use and residence of staff—should stop. Official requirements should be consolidated in one set of premises and separate premises may be hired, wherever necessary, for residential purposes.

## Organisation And Management

(34) The authorities of the Institute should be :

The President ;

Two Vice-Presidents ;

The Executive Committee consisting of 14 members ;

The Council consisting of 50 members ;

The General Body—

The General Body should consist of members with such academic and professional qualifications as may be prescribed.

(35) There should be the following office-bearers :

(1) Chairman who will be a whole-time paid incumbent with the status of Vice-Chancellor of a University.

(2) Directors—(i) Administration ; (ii) Budget and Finance ; (iii) Research and Training School ; (iv) National Sample Survey, and other heads of Divisions to be appointed on the recommendation of duly constituted Selection Committees.

The posts of Secretary, Treasurer, Joint Secretaries and Assistant Secretary should be abolished; so also the Board of Management.

(36) The Executive Committee will be responsible for the management of the affairs of the Institute. It will pass the annual budget in accordance with the five years' programme approved by the Council. It will also lay down, subject to budget provisions, the limits of expenditure which the Heads of Departments or Divisions will have the competence to incur. It will also lay down specific rules for recruitment, promotion, leave punishment and appeal for all posts in the Institute.

(37) The Council will approve a five years' programme of work for the Institute.

(38) There should be the following five departments in the Institute :

(a) Research and Training School ;

(b) National Sample Survey ;

(c) Statistical Quality Control ;

(d) Library ; and

(e) Administration and Miscellaneous.

The Planning Division as reconstituted as also the

Electronic Division will form part of the Research and Training School.

(39) In regard to matters within a Department/Division, the Director/Officer-in-charge will be assisted and advised by a Staff Committee. For Coordination amongst various Divisions, there will be a Coordination Committee consisting of Directors/Officers-in-charge, with Director of Administration as Convenor.

(40) The Research and Training School should have an Academic Council on the pattern of Universities. The Academic Council should include some scientists from other academic bodies. The existing governing body should be abolished.

(41) There should be a Library Committee in which all Departments and Divisions in the Institute are suitably represented.

(42) (i) The staff in the Institute should be immediately classified on a functional basis.

(ii) There should be no part-time employment in the administrative staff.

(iii) The age of superannuation should be 60 years except in the case of the Chairman where it may be 65 years.

#### Budget And Finance

(43) The Institute should have a whole-time Director, Budget and Finance.

(44) Each Department of the Institute should frame its own budget proposals which should be consolidated by the Director, Budget and Finance. The consolidated estimates will go to the Finance Committee, the Executive Committee and finally to the Government. A firm time-table for all these stages should be laid down.

(45) The present system of allocating common service charges to various units should stop. Each unit should include in its budget all items of expenditure pertaining to it. Only the residue, e.g., Central Library, vehicles, etc., should be included in common services. Expenditure under this head should form a separate budget and should not be proportionately allocated to other units.

(46) Adequate procedures should be prescribed for periodical report of actual expenditure and its over-all control with reference to the budget allotment, so that excess and deficit financing are avoided. A system of internal audit should also be introduced.

(47) There should be a Finance Committee or the Executive Committee consisting of not more than five members to scrutinise the budget before it is approved

by the Executive Committee.

(48) Statutory Committee under section 8(1) of the Indian Statistical Institute Act should be appointed once every five years to help in the framing of the five-year programme of the Institute.

(49) All funds in the Institute other than Gratuity Fund and Provident Fund should be amalgamated and merged in the general receipts of the Institute. A separate Reserve Fund may be created to permit the discretionary expenditure of an unforeseen nature relating to technical development. Accumulation in this fund should not exceed Rs. 2.5 lakhs.

(50) Gratuity Fund should be registered and all borrowings from it should be repaid.

(51) Provident Fund should be immediately registered and the amount borrowed by the Institute should be repaid.

(52) (a) In order to enable the Institute to meet its liabilities, all claims pending with Government in regard to completed rounds should be settled by expediting the Report of the Settlement Committee ;

(b) The work in arrears relating to incomplete rounds should be transferred to the new National Sample Survey Organization and payment for the work so transferred should be made on the basis proposed by the Committee on the National Sample Survey contract work appointed by the Indian Statistical Institute in 1962 ;

(c) The moneys which may be available as a result of the closure of Funds as recommended by the Committee may also be utilised for the purpose ; and

(d) The balance, if any, after taking into account any possible sale of surplus land should be made up by an ad hoc grant by Government.

(53) The system of encashment of leave should be discontinued in the Research and Training School also.

(54) There should be a test-audit of the accounts of the Institute by the Comptroller and Auditor General of India once in five years to commence in a year before the Statutory Committee begins its work.

(55) Government must immediately give to Institute adequate funds to discharge its existing liabilities.

(56) An amount equal to a quarter's expenditure should be paid in advance so that the Institute may have funds to meet committed expenditure.

(57) At the end of the financial year, the Institute must be given funds to enable it to meet its expenditure during the previous month.

# FORWARD MARKETS REVIEW COMMITTEE, 1966—REPORT

New Delhi, Ministry of Commerce, Directorate of Commercial  
Publicity, 1967, 139p.

Chairman : Shri M.L. Dantwala.

Members : Shri A.S. Naik; Shri R. T. Mirchandani;  
Shri G.M. Laud; Shri C.L. Gheevalla;  
Shri S.V. Kogekar; Shri R. Mahadewan.

Secretary : Shri D. R. Pandse.

## APPOINTMENT

The Forward Markets Review Committee was appointed under the Ministry of Commerce, vide their Resolution No. 35(2)-Com/Gcn/(FMC)/65, dated February 16, 1966.

## TERMS OF REFERENCE

(a) To review the working of the Forward Markets Commission during the last 10 years, to find out the extent to which the Commission has been able to carry out the objectives as embodied in the Statement of Objects and Reasons of the statute;

(b) To assess the role that the forward markets can play in future in the light of the changed economic conditions in the country;

(c) To suggest amendments to the existing Act in order to effect improvements; and

(d) To examine and suggest what other functions can be entrusted to the Commission.

## CONTENTS

Introduction; Types of Contracts; The Need for Future Trading; The Scheme of Regulation of Future Markets; The Instruments of Regulation of Future Markets; Choice of Commodities and Selection of Centres; Structure of Future Contracts; Other Recommendations; Summary of Conclusions and Recommendations; Appendices I to VII.

## RECOMMENDATIONS

As long as the market economy is allowed to function, even with the types of social controls, as they have been currently applied or envisaged, as a part of planning, both the future markets and the speculation incidental to it would contribute to the orderly marketing of commodities, particularly agricultural commodities with seasonal production.

All future trading will be conducted only through recognised associations.

The Future Markets Commission should not be pre-occupied with the pursuit of 'illegal trading' which—

control or no control—is almost obliquitous. This will enable the Commission to concentrate all its time on the study of the market situations and, in the light of it, to supervise and regulate the working of the future markets. Since it would no longer be necessary to wait upon the Central Government for all its decisions, the Commission would be able to function effectively and with greater speed.

It should be the responsibility primarily of the association and its Board of Directors to regulate trading and impose the necessary discipline on its members. The Commission should retain the authority to intervene only on some crucial matters and also when the association fails to perform its duty.

The classification of different types of contracts should be made with reference to : (a) the purpose for which they are entered, and (b) the mechanics of their execution and not with reference to the time element.

In the place of the present N.T.S.D. contract, a contract which permits one transfer (in addition to all transfers in favour of or by banks) should be instituted, and it may be called Specific Delivery (Forward) Contracts (S.D.F. Contracts).

The T.S.D. contracts should be included under the 'settlement' and not the 'delivery' type of contracts. It may be called 'Specific Transferable Contract'.

In times of shortages, future markets through the device of short sales may act as safety valves against hoarding and speculative price rise in the economy.

Regulatory measures should be applied sparingly, taking a certain amount of calculated risk.

The Commission should be able to exercise more extensive powers during emergencies, but on every such occasion a press note should invariably be issued explaining the background and the necessity of action.

The category of registered associations should be abolished.

The number of commodities, in which future trading is to be permitted, should be judiciously determined.

There should be only one recognised association for future trading in one commodity in a single city or town.

Some uniformity in the delivery months in a commodity at all markets, particularly in different oils and oilseeds, is desirable.

Future trading in a particular season's crop should not generally begin more than five to six months in ad-

vance of the maturity date of the first contract of that season.

Future markets, particularly those recognised for trading in export commodities, like jute goods, might consider the desirability of running concurrently trading for all delivery periods of the season, or at least for two or more such successive delivery periods.

The Enforcement Directorate of the Commission should mainly be an instrument for the purpose of a close scrutiny of the operations under the auspices of the recognised association. The responsibility for curbing all illegal trading outside the recognised associations should be primarily done by the State Police or the C.B.I.

Members of the recognised associations should keep a detailed record regarding their non-member consti-

tuents.

The Commission should organise a well-equipped market intelligence room headed by a competent Economist. For this purpose, the Commission's office should be strengthened with competent staff to man its information and analysis sections.

It is necessary to develop research in commodity markets in the country, and for this purpose a close liaison between the academic personnel, the intelligence staff of the Commission and the businessmen may be established.

The creation of the Research Unit at the University of Bombay, was a welcome step and not only does it deserve continued support but there is also a need for establishing a similar unit, preferably at the Calcutta University.

## TARIFF COMMISSION REVIEW COMMITTEE, 1966—REPORT

New Delhi, Ministry of Commerce, 1967, 176p.

Chairman : Dr. V.K.R.V. Rao.

Members : Shri M.P. Pai; Dr. D.K. Rangnekar;  
Dr. D.T. Lakdawala; Shri H.N. Ray;  
Dr. K.S. Krishnaswamy; Shri S. Venkatesan.

Secretary : Dr. P.V. Gunishastri.

### APPOINTMENT

The Tariff Commission Review Committee was appointed under the Ministry of Commerce vide their Resolution No 26 (1).Tar/63, dated February, 19, 1966.

### TERMS OF REFERENCE

- (i) To review the working of the Tariff Commission;
- (ii) To re-examine the policy of protection to industries in the context of the present restrictions on imports; and
- (iii) To suggest such additional functions for the Commission as may be needed in the context of developmental planning in the country.

### CONTENTS

Introductory; The Tariff Commission as an Instrument of Economic Development; Review of the Working of the Tariff Commission; Review of the Policy of Protection; Functions for the Tariff Commission;

Changes in the Constitution of the Tariff Commission and Amendments to the Tariff Commission Act; Summary of Conclusions and Recommendations; Acknowledgement; Appendices I to XVI.

### RECOMMENDATIONS

The essence of the role of the Tariff Commission lies in its selectivity, in its picking up of the right industries, in its recommending the correct measures which will enable the industries to grow with the minimum burden on the consumers and in its ensuring that the industries growing up strong and vigorous and becoming mature enough to face the world on their own.

Each industry has its own problems. It is not possible to fix a uniform rate of return for all industries and the rate is bound to vary from industry to industry, depending on its nature, the risks involved etc., the industry's need for funds, and from period to period, depending on the current bank rate, the capital market etc. Under these circumstances, attention has to be paid to pragmatic considerations in determining the rate of return.

While calculating depreciation, the Tariff Commission may deviate from Income-tax practice where actual working practice justifies such a course.

Each claim of rehabilitation allowance should be

examined on its own merits in the light of the principles laid down by the Commission in 1951 in regard to the fair price payable to cement producers.

Since our economy is passing through a phase of inflationary pressures provision for contingency allowance should be avoided while fixing prices and the industry should be able to absorb small increases in costs. However, an escalation clause is in order in suitable cases for any major increase in costs which is beyond the control of the management.

If the Commission is to function effectively and command respect from industry, a healthy convention should be built-up whereby the recommendations of the Commission are usually accepted by Government, departures therefrom being made only under exceptional circumstances.

Units under protection and price control should maintain their cost data in a scientific way. If these are not able to do so, arrangements should be made for the Commission to assist them in this process. For implementing this scheme costing staff of the Commission may be augmented to the extent necessary.

In their own interests the industries and other concerned parties should extend their full cooperation to the Commission to enable it to function smoothly. It is also worth considering whether some legal obligation should not be imposed on the producing units concerned for ensuring such cooperation.

Reports of the Commission on price inquiries should normally be completed within six months from the date of reference. In exceptional cases the period may be extended to ten months. The Committee is not in favour of the Commission submitting interim reports on a matter like price fixation. To prove the Committee's recommendations workable in practice, it is also necessary that any additional costing or other supporting staff that the Commission may require in connection with any price inquiry should be made available to it promptly.

Government should normally announce their decision on the Commission's reports within the stipulated period provided in the Tariff Commission Act, that is, three months.

In view of recent relaxations in imports and other changes in the economic situation in the country, tariffs have again acquired importance as an instrument of Plan policy.

A suitable Government agency other than the Tariff

Commission should be required to look into the cost and price aspects of de facto and deprotected industries on a regular and continuous basis.

All suo motu powers vested in the Commission under Section 13 of the Tariff Commission Act should continue.

Whenever Government desire to impose statutory control over prices of industrial products and non-agricultural raw materials, it should refer all such cases to the Tariff Commission for inquiry and report. However, where certain circumstances affecting cost of production have changed after the Commission had submitted its reports, Government may revise the prices after informal consultations with the Chairman of the Commission. Further, if circumstance of any particular case requires immediate fixation of prices, Government may fix an interim price by an executive order subject to a review by the Commission. In any case, price inquiries should not be referred to Ad hoc committees.

Cost reduction vigilance studies assume considerable importance in an economy ridden with inflationary pressures such as are being witnessed in our country today. The Committee is of the opinion that such studies may be attempted by an appropriate agency other than the Tariff Commission as an integral part of Government's watch over prices.

Government should advise its various departments to keep the Commission informed on matters relating to any industry which the Commission has inquired into or other closely allied industries.

The Tariff Commission should be a compact body and its membership should not exceed five. Additional Members not exceeding two may be appointed, if necessary, for special inquiries and for specific period for which there is already a provision in Clause 3 of the present Tariff Commission Act. The Committee is not in favour of the appointment of part-time Members on the Commission.

It is desirable that one of the Members of the Tariff Commission should be an expert in cost accountancy and another, a person with wide managerial experience.

The ranking of the Chairman and Members of the Tariff Commission in the warrant of precedence issued by the Government of India may be raised. It is desirable that the office of the Tariff Commission be upgraded from a subordinate office to an attached office to increase its administrative efficiency.

# COMMITTEE ON FOREIGN COLLABORATION, 1966—REPORT

Delhi, Manager of Publications, 1968. 20p.

Chairman : Dr. A. Ramaswami Mudaliar.  
Members : Dr. S. Hussain Zaheer; Shri P.C. Kapoor.  
Member-  
Secretary : Shri K.J. George.

## APPOINTMENT

The Government of India, Ministry of Industrial Development and Company Affairs (Department of Industrial Development) in their Office Memorandum No. IP&FC-5(1)66, dated February 19, 1966 constituted a Committee; to recommend to Government some guidelines regarding the utilisation of indigenous know-how and the types of cases in which foreign collaboration may be allowed.

## TERMS OF REFERENCE

(a) To examine the extent to which, at the present stage of our economic development of indigenous know-how from abroad can be dispensed with;

(b) To examine the general conditions subject to which indigenous know-how can be deemed to be capable of commercial exploitation; and

(c) To suggest general guidelines regarding the types of cases in which foreign collaboration may be allowed.

Though the question of adequacy or otherwise of the encouragement being given to the development of indigenous know-how is not covered by the terms of reference, as this is a connected issue, the Committee has given some thought to this and has also made some recommendations in this regard.

## CONTENTS

Introduction; Number of Meetings etc; Ingredients to know-how; Technological Gap between India and the more Developed Countries; Need for Positive Approach to the problem of Import of Know-how; Import of Know-how has Accelerated Industrial Development of India; Different modes of Obtaining Technical Know-how; Comparative Merits; Indigenous Know-how versus Imported Know-how; Existing Procedures for Examining Foreign Collaboration; Need for Prior Discussion between DGTI & CSIR before a Recommendation is made to the Foreign Agreement Committee; Constitution of Technical Research Committee; Limitations of Indigenous Know-how, Need for Design and Engineering Consultancy Service and Provision of Risk Capital; Need for Liberal Approach regarding Import Process of Know-how or Product Design; Time taken in the Clearance of Colla-

boration Cases; Duration of Technical Collaboration Agreement; Avoidance of Repetitive Import of Technology; Fiscal Incentives for Passing on Know-how; Need for Greater Stress on Research and Development; Role of Trade Associations of Industry; Need for further Development of Design and Consultancy Services; Japanese Example; Role of Public Sector; Need for Liberal Approach to Foreign Collaboration in the Case of Export-oriented Industries; Summary of Recommendations; Appendix.

## RECOMMENDATIONS

(i) A positive approach is needed to the problem of import of know-how, particularly of process know-how or product design. A distinction may be made for this purpose between the well-established industries and the newer and more sophisticated industries.

(ii) Generally speaking, in industries where substantial import of capital goods is involved and where Government's policy allows foreign capital participation are more beneficial, as compared to other forms of collaboration.

(iii) Some of the basic questions which should be taken into account in assessing the suitability of indigenous know-how are :

(a) Has the indigenous know-how been commercial exploitation within a reasonably short period ?

(b) Is the know-how economical from the point of view of the investor and from the national point of view ?

(c) Is it likely to be made available to the new entrepreneur or is the know-how available only to another existing manufacturer, who is reluctant to part with the know-how of a competitor ?

(iv) There is need for prior discussion between the Directorate-General of Technical Development and the Council of Scientific and Industrial Research regarding need for foreign collaboration and terms thereof. Unreserved differences of opinion should be promptly brought up before the Foreign Agreement Committee.

(v) The Technical Research Committees to be set up pursuant to the recommendations of the 'First get Together' on Research and Industry held in December, 1965 should play an important role. In particular, these committees will undertake studies, wherever appropriate, of the comparative merits of different types of know-how in the light of Indian conditions and raw materials availability.

(vi) Taking into consideration the limitations of indigenous know-how, there is need for an independent corporation, such as the National Research Development Corporation, which should ensure the availability of design and engineering services and provide the risk capital for the entrepreneurs taking up commercial development of indigenous know-how. The National Research Development Corporation should play a vital role in generating confidence in industry and in providing risk and development capital besides its present activity of licensing of the know-how developed in the Council of Scientific and Industrial Research and other Government laboratories.

(vii) The Council of Scientific and Industrial Research should take action to generate confidence in industry regarding indigenous know-how. The Committee has recommended various steps which should be taken in order to enable the National Research Development Corporation to play the role for which it was set up.

(viii) There is need for a Central Co-ordinating Unit in the Ministry of Industrial Development and Company Affairs to watch the progress of the disposal of applications for foreign collaboration. Cases remaining undisposed since 3 months should be promptly brought up for consideration by the Foreign Agreements Committee, even if they fall within the purview of the delegated powers of ministries.

(ix) No rigid rule should be followed in the matter of the duration to technical collaboration agreements; normally, the duration of the original agreements should

be between 5 to 10 years from commencement of production.

(x) On the question of avoidance of repetitive import of technology, it is neither practicable nor desirable to resort to any sort of compulsion on existing manufacturers to part with their know-how. It would be more appropriate to consider the likelihood of an existing unit giving the process know-how or product design to a consultancy firm on the basis of a negotiated agreement. Fiscal incentives should be given to existing units which pass on their know-how to others.

(xi) There is need for greater stress on research and development. Fiscal incentives should be provided for encouraging research and development. The industry should be given corporate tax relief to the extent of double the expenditure on research and development as well as a liberal treatment in regard to provisions for foreign exchange for import of essential instruments and equipment for research laboratories.

(xii) There is need for further development of design and consultancy services to fill the existing gaps.

(xiii) Government should arrange for a detailed study of the policies followed by Japan in the matter of combining liberal import of know-how with the rapid development of indigenous research and know-how.

(xiv) The Public Sector can play an useful role in the process of fostering the development of indigenous technical know-how and design and engineering services.

(xv) A liberal approach would be worthwhile in regard to foreign collaborations in the case of substantially export-oriented industries.

# INQUIRY INTO THE DERAILMENT OF 'NO. 1 DOWN' GUJARAT MAIL TRAIN CONSEQUENTIAL TO COLLISION BETWEEN '2-UP' GOODS TRAINS AT DAHANU ROAD STATION (WESTERN RAILWAY), ON FEBRUARY, 22, 1966—REPORT

Delhi, Manager of Publications, 1968, 22p.

One Man Commission : Shri P.B. Aibara.

## APPOINTMENT

The Commission was constituted under the Ministry of Tourism and Civil Aviation (Commission of Railway Safety) in accordance with Rule 9 of Railway Board's Notification No. 1926-T, dated March 19, 1930 on February 22, 1966.

## TERMS OF REFERENCE

To inquire into the Derailment of '1 Down' Gujarat Mail Train on the Down Main Line, consequential to the collision between 2-Up Goods Trains on the adjacent Up Main Line, at Dahanu Road Station on the Virar-Surat double-line section, Western Railway, at about 00.15 hours on February 22, 1966.

## CONTENTS

Corrigendum; Summary; Inspection of the Scene and Inquiry; The Accident; Casualties; Relief Measures (Medical Attention; Break-Down and Relief Trains; Restoration of Lines); The Trains; Local Features and Signalling (The Section; The Site; Signal Controls and Interlocking; Reception of Trains); Observations at the Site; Evidence; Discussion; Conclusions and Remarks; Recommendations made by the Commission of Railway Safety in connection with Derailment of 'No. 1 Down' Gujarat Mail Train Consequential to the Collision between '2-Up' Goods Trains on the Adjacent Up Main Line at Dahanu Road Station, Western Railway on February 22, 1966; Railway Board have Remarkd as under on the above noted Recommendations.

## Conclusions

### Cause Of The Accident

On full consideration of the material, circumstantial and oral evidences, I have reached the conclusions noted below :

A. (i) The Collision-at-skew of the 564 Up Goods

train with the rear of the stationary 586 Up Goods train on the Up main line was caused by Switchman Gokul Kisan who, in contravention of General Rule 37 (a) (iii) and, Rule VI (a) (i) of the Station Working Orders, cleared the signals for admission of the Train on the loop line which was obstructed;

(ii) The Collision occurred at about 00.15 hours and resulted in the rear-most 3 vehicles of the stationary goods train capsizing on the adjacent Down main line at the time the '1 Down' Gujarat Mail Train was signalled to run-through. The speed of the 564 Up at collision was of the order of 30 km p.h.;

(iii) The '1 Down' Gujarat Mail Train ran into the obstruction on the Down main line and became derailed at about 00.15 hours. The speed at derailment time was about 60 km. p. h. Emergency application of brakes was made by the driver of the mail train, who was killed, but it was impossible to avoid the accident.

B. The accident would not have occurred had Guard K.S. Verma of the 586-Up Goods train, who died in the collision, been vigilant and acted in accordance with the provisions of G.R. 135 and S.R. 135 (1) instead of staying out for 24 minutes in the brake-van which stood clear of the Up facing points but obstructing the loop line.

C. While the main responsibility for the accident lies on Switchman Gokul Kisan, who absconded immediately after its occurrence and appeared after three and half months. I also hold the late K S. Verma, Guard of 586-Up Goods train, responsible for inaction.

D. The effects of the collision would have been much less severe had Driver D.B. Patel of 564-Up Goods train observed the speed limit of 15 kms- per hour prescribed by GR 90 (a) over the Up facing points which were set for the loop line.

### Service Records Of Staff Hld Responsible

I examined the service records of the Switchman who absconded after the accident and the Guard who died in the collision.

Switchman Gokul Kisan who is about 48 years old



has been in service for 20 years. The service register does not indicate to what extent he was literate. Appointed as Telegraph Peon in October, 1946, he was posted as Gateman in September, 1948, promoted as Pointsman in May, 1949, as Leverman in March, 1951 and as Block Signaller in January, 1953. In September, 1953 he was reverted as Leverman and reinstated as Block Signaller in September, 1954. In April, 1956 he was made permanent Block Signaller. The designation was changed to Switchman in accordance with the Railway Board's letter of November, 1960. In the course of his service he was penalised on ten occasions, including four penalties for irregularities in train-passing duties.

The late Shri K.S. Verma, Guard of the 586-Up Goods train, was about 27 and half years old and was in service as temporary guard in 'C' Grade since May, 1965.

#### Relief Measures

Emergency calls for medical aid were made without

delay and they met with prompt response. I am satisfied that the medical aid at site was prompt and efficient. All the injured were admitted in the Mission Hospital by 01.20 hours, i.e., in one hour and five minutes of the occurrence of the accident, and the 2nd Fireman of the Mail Train in the Government Cottage Hospital at 01.40 hours. Relief Measures, subsequent to aid, were as satisfactory as could be expected in the medical circumstances. The uninjured passengers were transhipped from site without avoidable delay.

Shri Meherwan K. Irani, in particular, and other residents of Dahanu Road, mentioned in Section V of the Report, merit special appreciation for the laudable manner in which they helped in rescue and relief measures and transporting the injured to the hospitals. Shri G.K. Lalwani of the RDSO who was travelling in the 4th coach of the Mail Train rendered excellent service and ensured adequate attention to all the injured.

## WORKING GROUP ON EXPORT CREDIT AND FINANCE, 1966—REPORT

New Delhi, Ministry of Foreign Trade and Supply, Directorate of  
Commercial Publicity, 1969, 16p.

Chairman : Shri D.S. Joshi.

Convenor : Shri A.C. Banerjee.

Members : Shri C.H. Bhabha; Shri P.C.D. Nambiar;  
Shri G. Lakshminarayanan; Shri S.B.  
Kaji; Shri K.P. Sen; Shri M. Narasimhan;  
Dr. S.P. Chabiani; Shri C.K. Srinivasan.

#### APPOINTMENT

One of the more significant aspects of our export promotion effort is the attention now being paid to export credit facilities by way of enlarging the quantum of finance going into the field and by making such finance available at a reasonable cost. This question has formed the subject-matter of three Working Groups, the most recent of which, reporting in October, 1964, provided a comprehensive treatment of the problem both in its policy and procedural aspects.

While the importance of export finance is clear and has been recognised as such, it is equally to be admitted

that any measures taken in this sphere have to be integrated into the overall credit patterns and policies. The Reserve Bank of India is primarily concerned with the responsibility for the formulation and implementation of credit policy in keeping with the current requirements of the economy. As part of its promotional functions, however, the bank has attempted to insulate the export sector from the impact of policies directed towards restricting the volume of credit or of raising its cost. The banks have been urged not to reduce credit to the export sector while pruning their credit portfolios. At the same time, they have been advised to take positive steps in the form of instituting special schemes of finance to the export sector such as the Export Bills Scheme, the Rupee Export Bill Scheme and, more recently, the Packing Credit Refinance Scheme. The objective behind these schemes has been to enlarge the area of the Reserve Bank, refinance facilities to the export sector, both at the post-shipment

and pre-shipment stage. Export credit has been given a 'preferred sector' treatment. But nonetheless there have been, from time to time, complaints from exporters about either paucity of credit or its high cost or both. The Commercial Banks on the other hand, feel that the existing procedures are such that adequate use cannot be made of the facilities available and that, in the result the 'preferred sector' status has not been translated into reality. The Working Group was appointed in March, 1966.

## TERMS OF REFERENCE

"To examining how, within the broad framework of the credit policy, the current facilities provided by the Reserve Bank could be more fully utilised."

## CONTENTS

Introduction; Availability of Export Credit; Cost of Export Credit.

## RECOMMENDATIONS

### Availability Of Export Credit

Export Credit is required both at the pre-shipment and post-shipment stages. Most of the discussion on the subject generally refers to post-shipment credit, though pre-shipment credit is of no little importance. The current procedures in respect of post-shipment credit are well set out in the Report of the Chabiani Group, referred to earlier, and we confine ourselves to recapitulating the more salient aspects of it. The bulk of post-shipment credit is in the form of discount of bills. Of the total Bill Finance, the sight bills account for a substantial portion. The credit element here refers to the period between the time a bank takes the bill in for collection and the reimbursement of the exporter. This generally does not take longer period more than ten days, and to the extent what banks place the exporter in funds for the intervening period, they have provided the credit. The ability of banks to do so depends, as in the case of their other credit operations, on their resources position on the one hand, and their assessment of the credit-worthiness of the individual customer on the other or that may be broadly described as finance considerations and risk considerations respectively. The amount of sight bills held at any one time was estimated at about Rs. 38 crores at post-devaluation exchange rates. As a proportion of total credit which currently is around Rs. 2,672.2 crores, sight bills would not account for more than 1.4 per cent. The absence of refinance facilities cannot be considered a major limiting factor, and the working partly on the cost of Export Credit, which considered the question at length, did not favour the provision of refinance at concessional rates for this purpose. We endorse this

view.

In respect of the usance bills, the banks may either negotiate the bills, in which event the exporter obtains funds immediately (subject to discount), or take the bills in for collection. Banks need not face any resource problem in respect of usance bills negotiated. If the bill is denominated in foreign currency, there is no difficulty in its being discounted abroad. Foreign banks operating in India send their bills abroad for such discount while Indian banks seem generally to prefer to hold such bills to maturity (though the exporter has been put in funds earlier). This may be partly due to the absence of the same degree of liquidity pressures on them as in the case of foreign banks and, possibly, to the fact that they may not be able to obtain as fine rates as the foreign banks do in markets abroad. In any event, once a bill in foreign currency is negotiated by a bank the initiative lies with the bank as to whether it wishes to obtain immediate reimbursement by discount abroad or not. Even if it wishes to hold it until maturity, it can obtain refinance in India under the Export Bills Scheme of the Reserve Bank but at the rates determined by the net liquidity ratio of a bank. It is then a question of the cost of refinance and is more appropriately considered when we deal with interest rates in respect of export credit.

With regard to bills denominated in rupees, facilities for their discount abroad are obviously not present. The Reserve Bank, therefore, operates the Rupee Export Bill Scheme, in terms of which the banks can obtain refinance against a declaration that they hold, in their portfolios, such rupee export bills. Thus, in respect of usance bills negotiated, there do exist at present facilities for reimbursement, subject to the conditions and limitations and the problem of finance as such apparently does not arise.

In regard to collection bills, which account for a not inconsiderable portion of the total bills. A factor of significance is the growth of such collection bills which are perhaps related to the increase in the number of new and second line exporters. The problem here is more one of the risk factor than the finance. The enhancement of the bankability of any particular export transaction would properly be the function of a Credit Guarantee Organisation. The E.C.G.C., provides a range of credit insurance policies and financial guarantees (including packaging credit cover). Considerable progress has been achieved by the corporation in the field of 'Export Risk Insurance' but even here hardly four per cent of India's exports are covered by E.C.G.C. policies, insured. India is still engaged in exporting mainly traditional commodities and nearly two-thirds of our exports are effected through letters of credit or by sales through associates. Even after accounting for

these factors, out of the balance one-third, the Corporation secured no more than Rs. 55 crores worth of export business in 1965. Evidently not enough use is being made of the facilities offered by the E.C.G.C.

As regards financial guarantees, although a measure of success has been achieved, the finances made available through the assignment of policies are far from encouraging. The banks are obviously reluctant to grant increased credit against assignment of policies. The reasons for such reluctance should be investigated by the E.C.G.C. and if necessary, its terms and conditions revised.

One of the functions of the E.C.G.C. envisaged by the Study Group on Export Finance (Mathraai Committee), and accepted by Government, was that it should provide 'supplementary credit facilities as are essential for promotion and development of exports'. This recommendation has been incorporated in the E.C.G.C.'s Memorandum of Association. The time is ripe for the Corporation to invoke this provision as to make available supplementary finance in order to augment the availability of credit to the exporter. To start with, E.C.G.C. could immediately deal with drawback of Excise/Custom duties, etc., about which exporters have complained of very great delay in payment. The delay is irksome and looks up considerable sums of the exporter. The problem can be effectively met by the E.C.G.C., if it could pay the exporters against their claims to rebates/drawbacks. This could be done, on the basis of a certificate issued by the Excise/Customs authorities as soon as the exporter produce the shipping documents. The E.C.G.C. can claim reimbursement later from the concerned authorities. If considered necessary, a nominal rate of interest can be charged by E.C.G.C. in this regard from the exporters. While this may be a good starting point for E.C.G.C. for providing supplementary finance, in order to be able to enter into the field in a big way the Corporation must have a bigger capital base than what it has now, the authorised capital only Rs. 1 crore. It would be necessary to strengthen the capital resources of the Corporation substantially for the purpose.

The Study Group on Export Credit set-up by the Administrative Reforms Commission has noted some delays between the proposals made for credit insurance and the issue of policies by the E.C.G.C. to the exporters. It is stated that the proposed form seeks to elicit information from the exporter about his past and anticipated shipments. It also calls for a bank report on the exporter before approving the proposals. We suggest that E.C.G.C. should go into this question and consider whether information about the past shipments is necessary, and whether it could not rely on the registration of the Export Promotion Council and Commodity

Boards. We agree with the Study Group of the A.R.C. that an arrangement should be made with the Export Promotion Councils and Commodity Boards, whereby the names of the parties registered with these Organisations are regularly sent to the E.C.G.C.

The Corporation's policy covers only the gross invoice value and does not cover the risk due to loss incurred by exporters in raising credit on the assignment of policies. E.C.G.C. should consider for covering the loss of interest also, particularly in cases where the policy has been assigned to the bank. Besides, in the case of default by foreign buyers the bank has to wait a while before it receives the payment. This naturally discourages commercial banks to grant credits against the assignment of policies. The delay is due mainly to two factors, viz., that : (i) the party has to wait for a stipulated period before filing a claim, (ii) that E.C.G.C. has to obtain clarification and documentary evidence as to the cause of default by the foreign buyer. E.C.G.C. should curtail the period of waiting and apply its mind to discover ways and means for expeditious settlement of claims.

As our development programme depends so much upon exports, we are of the view that a measure of calculated risk would have to be taken in the field of Export Finance. The E.C.G.C. could lend a helping hand by raising its indemnity to the banks under its financial guarantees from the present level of 66-2/3 per cent, 75 per cent to 80 per cent which would bring it in parity with the Standard Policies. If, however, for any reason an indemnity of 80 per cent is considered on the high side at this stage, the E.C.G.C. should, at least, raise the percentage of its indemnity to 75 per cent uniformly.

We would also like to draw attention to the establishment by the Government of India of a credit guarantee scheme for credit to small scale industry, in terms of which the Reserve Bank of India has been designated as the Guarantee Organisation, to operate a credit insurance scheme, i.e., to enlarge the small scale industry. The object of the scheme is to enlarge the supply of institutional credit to small scale industry, by ensuring a degree of protection at a moderate charge to the lending institutions against possible losses in their credit to the small industrial sector. The principle could, with advantage, be extended to the field of export finance. The availability of such credit insurance would, we believe, enable the banks to take a more liberal view towards negotiating bills, arising out of exports of new commodities to new markets and by new exporters. It will help to bridge the gap between 'collection' and 'negotiation'.

It may be mentioned that some of the bills for collection relate to larger exports who, in any event, are able

to obtain finance from the banks, though not under 'bills accounts'. In their case it is not material whether the party's bills have been 'negotiated' or accepted for 'collection', in either case, the exporter is not without funds.

Until recently, export prices were out of alignment with domestic prices, the differential being on an average, perhaps 25 to 30 per cent. This aspect created a special problem in respect of post-shipment finance. The problem arose from the fact that a party received the f.o.b. value, less discount, until such time as he cashed his incentives, where as his requirement of finance, based on the domestic value, was considerably larger.

The E.C.G.C. export finance guarantee was designed to meet this special difficulty; but the banks were understandably reluctant to provide interim finance as the incentives, such as import entitlements, cash subsidies and drawbacks, against which funds were advanced took inordinately long time to materialise. The incentives did not also have a positive title which the banker could consider as a document of security. If the title was established and the document made, negotiable advances could be treated by banks as secured and not clean. Banks were also averse to locking up their funds for long periods, pending encashment of the entitlements.

We discussed this at length, and also elicited the views of exporters. With the devaluation of the rupee and the abolition of the Special Export Promotion Schemes, the problem is no longer present in this form. In fact, as a result of devaluation the exporter is immediately assured of an enhanced rupee value for his exports. Nevertheless, there would still be some commodities, particularly industrial products, whose domestic prices would be above f.o.b. prices, and the banks could avail themselves of the E.C.G.C. guarantees with advantage.

E.C.G.C. proposes to introduce yet another guarantee entitled: 'Export Performance Guarantee'. It is in the nature of a counter guarantee to banks which they are themselves called upon to furnish on behalf of exporters for fulfilment of export contracts and realise goods from customs etc.. An informal Advisory Committee appointed by the Reserve Bank has recently gone into the question of regulating guarantee issued by banks. The E.C.G.C. should discuss with the Reserve Bank implications of the scheme in the light of the Advisory Committee's Report.

Another aspect of the availability of finance is in respect to pre-shipment finance. The problem merges into the general problem of the provision of finance to domestic trade and industry. There is also the definitional side as to what constitutes the export sector, especially in respect of goods produced for both the home and foreign markets. For our purposes, we could in-

clude under the export sector all cases of goods which are being processed or manufactured to meet specific export orders or take as the basis for computing export business the proportion of production in previous years that has been exported. Complaints have been voiced from time to time that with the overall restrictions on credit in operation, financial facilities for those engaged in producing for the export market have also been affected.

It is conceded that the export business should have a preferential treatment, and the Governor of the Reserve Bank, in his several meetings with bankers and in his letters to the banks, has exhorted the banks to insulate the export sector's needs from the operation of the credit squeeze. The most recent example of this is the exemption from the provision of a directive issued on the 12th April, 1967, regarding the imposition of a ceiling on advances against indigenous cotton of pre-shipment (packing credits) advances in relation to export of cotton, subject to certain terms and conditions, to ensure the bonafide export character of the transaction.

The widespread complaint regarding the inadequacy of credit for exporters at the pre-shipment stage might suggest that there has been some curtailment of credit to exporters also. This may have occurred in view of the genuine difficulty for banks to distinguish between the needs of the export sector and the rest of the economy. It is likely that the second line and marginal exporters have suffered more. The present mechanism of credit control seeks the volume of bank credit by regulating the right of access of banks to the Reserve Bank. Against this background, and to meet the special needs of the export sector, the Reserve Bank introduced in November, 1965 its Packing Credit Refinance Scheme as part of the wider Bill Market Scheme. In terms of the packing credit scheme, the Reserve Bank agreed to make refinance available upto any limit at bank rate in respect of packing credit finance made available by banks. This was subject to certain safeguards, viz., (a) the packing credit facilities should be granted to bona fide exporters; (b) the credit should be granted on the strength of a letter of credit in favour of the local exporter or a firm export order; (c) the banks should ensure that the relevant sale contracts and/or the letters of credit should be lodged with them; (d) the usance promissory note should have a maturity of not more than 60 days; (e) the bank should certify at the time of lodgment of the usance promissory note that the relative advances have been made to parties concerned of refinancing the packing credit for the purpose of export and that it holds the necessary documents; and (f) the outstandings in these accounts should be extinguished by the negotia-

tion of relative export bills. These conditions were prescribed to ensure that the concessional refinance facilities were intended. The refinance facilities, while being available upto any limit at Bank rate were, however, included as part of a bank's total borrowings for purposes of computation of its 'net liquidity ratio' on the basis of which the cost of its borrowings from the Reserve Bank for non-priority sectors was determined.

In the few months that the scheme was in operation limits upto Rs. 9 crores were sanctioned by the Reserve Bank but the actual utilisation was negligible. It was represented to us that this was due to the inclusion of such borrowings for purposes of computation of net liquidity ratio. However, during the season of 1965-66, the recourse of the banking system to the Reserve Bank was (apart from the special demands posed by food procurement advances), on the whole, moderate. The conditions in the money market were also relatively easy, and the non-utilisation of the refinance facility in respect of packing credits could possibly be attributed to the relative absence of liquid by pressure on the banks indicated by the generally lower credit deposit ratios of the banking system in recent months. The packing credit scheme had, indeed many of the features of the Japanese Export Advance Bills Scheme, which the Chabiani Working Group commended as an example to be adopted in India with suitable rate were open in respect of all exports and not only to bills described essentially a device to provide more central bank credit at Bank rate, combined with a positive attempt to link such central bank accommodation to the specific sector of exports. It was, in fact, designed to help banks who would otherwise have found it difficult to get any central bank refinance at Bank rate to obtain such accommodation at this rate. As it has turned out, the comparative easy money conditions have resulted in the scheme not having been drawn on in spite of the sanction of sizeable limits. It was also represented to us that banks found some of the procedures of the packing credit refinance scheme to be cumbersome. The representative of the Reserve Bank explained that in its examination of application for limits for accommodation under the scheme, the Reserve Bank adopted a flexible attitude and that there were cases of waivers being granted in respect of fulfilment of the conditions represented a technical breach. While welcoming the adoption of such a flexible attitude, we would request Reserve Bank to examine whether the procedures could be further simplified so as to bring them in line with the simple procedures that now apply in the case of the Rupee Export Bill Scheme, without detracting from the need to observe the usual safeguards.

The packing credit refinance scheme now remains

suspended. In the slack season banks generally do not require the facilities of refinance from the Reserve Bank and the absence of this scheme cannot be said to limit the availability of credit. For the busy season, 1966-67, the Reserve Bank has operated a more liberal credit policy marked by an increase in the quantum of refinance available at Bank rate. In the light of this liberalisation, there has been no necessity to continue the packing credit refinance facilities as the additional volume of refinance made available at the Bank Rate has been substantial and has been continued even into the current slack season (upto 30th June 1967). An essential counterpart to the liberalisation was to credit the issuance of a Directive, in October 1956, requiring the banks to divert to priority sectors, not less than 80 per cent of the credit expansion between October 1956 and April 1967. We would suggest that if packing credits were to be reintroduced, refinance should be made available for a period of 90 days rather than 60 days. Also, irrespective of the seasonal character of these purposes, any scheme that may be devised for packing credit refinance should, on the analogy of the Export Bill Scheme, be open all the year round. Representatives of commercial banks would further wish the Reserve Bank of India to re-consider the question of refinance in respect of exports in computing the net liquidity ratio.

In the definition of priority sector small export bill finance and packing credit for exporters including that made to merchant exporters (manufacturer-exporters were in any case covered as industry was part of the priority sector) were covered. This should have ensured adequate credit both at the pre-shipment stage not only in respect of Rupee Bills but, if the commercial banks so desired, even in respect of foreign currency bills. This would meet, in a measure, bank's problems of finance; but the enhancement of credit-worthiness of individual parties is a matter which would still necessitate the institution of a guarantee system. We recommend that E.C.G.C.'s should so gear its packing credit and post-shipment guarantees, and scale down its premia rates, as would meet the needs of the situation, especially in regard to the financing of the marginal and second line exporters. We also recommend that the banks should, as far as possible, avail themselves of the E.C.G.C. policies and guarantees, to minimise their risks, with a view to increasing the flow of credits to the exporter and to facilitate the growth of his business. This would, however, require revision of some of the terms and conditions of E.C.G.C.'s policies and avoidance of delay in meeting claims as mentioned earlier in the report.

Medium-term-exporter finance is a comparatively

recent phenomenon in India though it has been in vogue in other parts of the world for some time. The importance of medium-term export finance can hardly be over emphasized in view of the significance attached to the promotion of exports of engineering and capital goods, in respect of which medium-term credit is particularly apposite. However, in keeping with the general principles governing central banking operations, the Reserve Bank has confined its refinance facilities to short-term credit (upto 180 days), whether it be for domestic finance or for export finance. Nevertheless, in respect of the medium-term credit needs of domestic industry, the Reserve Bank took the initiative in setting up the Refinance Corporation for industries in 1958. In pursuance of the recommendations of the Kapur Committee, the Refinance Corporation, (since merged with the Industrial Development Bank) draw up a scheme to extend refinance facilities to medium-term export credit (i.e., over six months, and upto five years). Under this scheme, which came into effect in January 1963, the refinance facilities are ordinarily extended to export of capital and engineering goods and in respect of such other goods where the exchange control authorities permit the sale proceeds to be received within a specified period, namely, 6 months to 5 years. The scheme also provides for refinance of pre-shipment credit where it is combined with post-shipment credit. The I.D.B.'s facilities are available to manufacturer-exporters as well as merchant-exporters, but are restricted to cases where firm export contracts have been entered into and ordinarily require insurance cover by the E.C.G.C. Refinance is provided upto 80 per cent of the order, but provision exists for the waiver of this requirement in deserving cases. The limitation of refinance to a period of 5 years reduces the advantage of the scheme especially in relation to construction, contracts and the like. We would suggest for the consideration of the Industrial Development Bank the possibility of raising the 5 years period to 7 years, wherever necessary.

India lacks, at the moment, a specialised Credit Institution to which the exporters would turn for assistance, when they have to transact large business, specially on medium/long-term basis, against tough competition, at workable rates of interest. The establishment of same sort of an institution to meet the special credit needs of the exporter appears to be essential for increasing the growth rate of our exports. It will be necessary for such an organisation to work in close co-operation with E.C.G.C. and avails itself of the latter's policies and financial guarantees. The two, between them, can evolve in course of time, into an 'Export-Import Bank' type of organisation, which could take an integrated view of the problem, assist private

as well as public undertakings in the provision of both short-term and long-term, pre-shipment and post-shipment export credits. It could also assist the second line exporters and help create outlets for new commodities to new markets as well.

### Cost Of Export Credit

We now come to the question of the rates of interest charged by banks on export credit. The Chabiani Working Group went into this question at some length and pointed out the need for and desirability of reduction in this behalf. So far as the sight bills are concerned, the interest cost on such bills covers only the transit period, which, as stated earlier, extends to about 10 days; and the transit interest is 1 per cent above the Bank Rate; a rate which the Working Group on cost of Export Credit considered reasonable. We do not, therefore, see any need to recommend any change in this respect. As regards rupee usance bills, the provision of refinance by the Reserve Bank against rupee bills held in banks' portfolios has been made conditional on a ceiling rate of one and a half per cent above the Bank rate which banks may charge by way of discount to their customers. In respect of sterling bills the rates are set by the Foreign Exchange Dealers' Association of India with the approval of the Reserve Bank.

It has generally been accepted that export business is a more lucrative source of earnings for a bank than domestic trade; and the bank members of the Group averred that, in practice, they did offer a rebate to the exporters on the credit and extended to them at the pre-shipment stage. The rebate now being offered, however, seems to be regarded as inadequate. Indeed the exporters' representatives, was appeared before us denied having received the benefit of any such rebate. Apart, however, from the allowances of a small rebate, the banks do not appear to be making any major distinction between the rates charged for domestic credit and export credit at the pre shipment stage. This rate is now governed by the inter-banks. Agreement on 'Advances Rates', the present minimum rate on all banks to examine the possibility of offering a substantial rebate on export credit at a pre-shipment stage. It is certainly not suggested that the banks should suffer a reduction in their earning business, as the latter business is more lucrative. It is the exporter, who makes it lucrative for the bank. Whatever, that may be, what is being suggested is that the banks might consider placing a ceiling rate on their export credit business (by offering a substantial rebate), and recompensate themselves by charging a somewhat higher rate on their domestic business. This is in a manner of speaking, an extension of the principle of dual pricing for the export

and home markets, to the banking sector's credit operations. Export finance at the pre-shipment stage would, even after devaluation, account for, at any one time, barely 10 to 15 per cent of total bank credit outstandings. It should be, therefore, possible for the banks to make this adjustment in their domestic credit rates by accommodating even a larger rebate for the export sector while making a small increase in their domestic credit rates. We are aware that the position would vary from bank to bank depending on the proportion which its export business (at the pre-shipment stage also) would bear to its export business. Further, with the existence of prescribed, ceiling rate on advances the ability to do so may be circumscribed, but it is worthwhile following the concept of dual pricing. The lead for such an adjustment should appropriately come from the Indian Banks' Association who are represented on the Committee governing interest rates on advances. The State Bank of India who is not a signatory to the interest rate Agreement should also be brought into the fold.

It is recognised that a low rate charged of medium export credits is a factor of importance. Hence, despite

the normal inclination on the banks, part of charging more, a preferential rate has been advocated. The Industrial Development Bank finances the banks at a concessional rate of four and half per cent, on condition that the primary lending bank provides the credit to the exporter at no more than 6 per cent. It is significant that despite the increase (in February 1965) of the bank Rate to 6 per cent, the Industrial Development Bank's rates have been unchanged.

On the above analysis, we believe that the existing facilities that are available in the country are not being sufficiently utilised; and there is scope for streamlining the procedures and better publicity. Within the framework of existing policies, it is possible to ensure an adequate flow of credit, at reasonable cost to the export sector. This will call for a co-operative endeavour of all concerned—the Commercial Banks, the Reserve Bank, and the Government. The enlargement of export credit facilities and the cheapening of cost of export credit no doubt, calls for taking a calculated risk by all concerned. But the risk is worth taking, having regard to the vital importance of export promotion in the national economy.

## JAYANTI SHIPPING ENQUIRY COMMITTEE, 1966—REPORT

New Delhi, Ministry of Transport and Civil Aviation, 1966. 55p.

Chairman : Y. N. Sukthankar.

Members : S. L. Bhalla.

### APPOINTMENT

The Committee was appointed on March 18, 1966 as an Enquiry to investigate and report on the various allegations made in Parliament on communications, signed and anonymously received by the Government and the Shipping Development Fund Committee, against the Jayanti Shipping Co. and its Chairman Dr. Jayanti Dharma Teja.

### TERMS OF REFERENCE

(i) To look into the allegations made in Parliament and in letters received by Government and the Shipping Development Fund Committee against the Jayanti Shipping Company and its management in regard to the accounts and affairs of the company;

(ii) To scrutinise all the relevant facts relating to

the management and operations of the company since its incorporation;

(iii) To examine and inspect the accounts and other documents as may be necessary with a view to assessing its financial position and ascertaining whether the foreign exchange earned has been duly accounted for; and

(iv) Any other specific matter which may be referred to it by the Government or the Shipping Development Fund Committee.

### CONTENTS

Appointment of the Committee; Committee Commenced work on the 18th April, 1966; Capital Structure of the Company; Scheme for Purchase of Ships on deferred Payments; Merits and Demerits of the Scheme; Scheme Approved and Loan Sanctioned; Rapid Growth of the Company; Special features of the Jayanti Shipping Company; Want of Adequate Working Capital; Mana-



ging Director's Complaint; Addition to Board of Directors; Scrutiny of Accounts and Relevant Records; Non-Co-operation by the Company; Company's Accounts Heavily in Arrears; Government Kept Informed; Current Liabilities and Commitments of the Company; Extent of Additional Funds Required Immediately; Dr. Teja's proposal to sell four Ships Abroad and the Position Emerging Thereon; Incompetent Management; Principal Factors Responsible for Mismanagement; Allegations Examined; No Witness Examined; Through Probable Necessary; Re-construction of Accounts from the very Beginning is Necessary; Fraudulent Dealings most Difficult to Investigate; Concluding Observations; Annexures.

## CONCLUSIONS

Government having taken over the management of

the company with effect from the 10th June 1966, for a period of five years in the first instance.

It should now be possible to reconstruct the account of the company, from the very beginning and make a systematic investigation to all the allegations already on record and also into such other irregularities and improprieties as may come to notice on a detailed examination of all the relevant materials. This is bound to be a very arduous job, for all the records and documents may not be available and, in any case, all the links of every transaction may not be easily established. But be that as it may, the task has to be undertaken if the truth about these allegations has to be known and the precise extent of irregularities and improprieties involved has to be established.

# STUDY GROUP ON COAL PRICES FOR BENGAL-BIHAR COAL FIELDS, 1966—REPORT

New Delhi, Ministry of Mines and Metals, 1966. 55p.

Chairman : Shri A. B. Ganguli.

Members : Shri K. S. Bhandari; Shri A. C. Bose;  
Shri A. B. Guha.

Member- Shri K. K. Dhar (replaced Shri K.  
Secretary : Sivraj).

## APPOINTMENT

The Government of India set up a Study Group to review the price of coal and coke, vide their office Memorandum No. C5-12 (C)/66, dated March 26, 1966.

## TERMS OF REFERENCE

(a) To review the recommendations of the Coal Price Revision Committee (1958) in the light of the present day condition by comparing the cost-data and norms worked out by the Coal Price Revision Committee with the present-day conditions and estimate the increase that may have taken place in the cost of raising of coal;

(b) To examine how far the rise in costs has been neutralised by the increases in prices which have been allowed from time to time; and

(c) To recommend, if any, further increase in prices of coal and coke is called for. Subsequently, Government referred the following four matters to the Committee :

1. To consider whether the stowing and hard cases

assistance granted by the Coal Board is adequate;

2. To examine whether the method of pre-wetting of high moisture coals before analysis in the laboratory was affecting adversely the grading of such coals, and if so, to make suitable recommendations for solving this problem;

3. Bonus Act, 1965—to recommend whether any price increase in coal and coke was justified to amortise the arrear payment due under the Act;

4. To consider whether the industry should be given any price increase for meeting the cost of footwear to be supplied as a result of Merchant Committee's recommendations.

## CONTENTS

Preliminary; Brief History and Circumstances Leading to the setting up of Study Group; Our Broad Lines of Investigation; Analysis of Cost-data and our Conclusions for the Bengal-Bihar Coalfields; Other References; Development and Financing; Acknowledgement; Appendices from I and II; Forms from I to XIII.

## RECOMMENDATIONS

### Our Broad Lines Of Investigation

As the task of the present Study Group is virtually



to bring the report of the last C.P.R.C. up-to-date, the scope of our enquiry is much more limited than that of the Coal Price Revision Committee. It was largely with this end in view that our line of investigation was chalked out.

Even in a study with such limited scope, costs must continue to hold the central place. One of the terms of reference of the Study Group was to estimate the increases that may have taken place in the cost of each factor which enters into the cost of Coal raising since the Coal Price Revision Committee conducted its studies in the year 1957-58. Our first task was, therefore, to make a suitable selection of collieries in the various coalfields for gathering detailed data on all aspects of costs. It was the intention of the Study Group to select such collieries for cost examination as might be taken to represent broadly the overall position of the Industry in this regard. Initially the group of 36 collieries in Bengal, Bihar and outlying fields, except Assam and Andhra Pradesh, was selected in consultation with the Coal Controller and the representatives of the Industry. In this list we included most of the collieries studied by the C.P.R.C. Subsequently, however, it was noticed that some of the collieries, which thus lost their representative character. In our view, the study of too many high-cost or low-cost collieries would not provide a balanced picture. We, therefore, felt that some more collieries should be included in our cost study. With this object, two supplementary lists were prepared consisting of a group of 19 and 14 collieries respectively. The list was thus augmented to 69 though we had reason to believe that many of the smaller collieries would not be able to furnish reliable cost data. The list of collieries selected for costing and those actually costed is given in Appendix I. The Industry was requested to submit the replies to our detailed questionnaire by the end of April, 1966, with regard to 36 colli-

eries originally selected and the third lists. The Industry, however, was not able to adhere to the target dates mentioned above, which naturally delayed the examination of the data by our Cost Accounts Officers. These Officers visited the collieries and the head offices also when necessary and scrutinised, on the spot, the cost data with reference to the books of account.

In order to compile the data on a uniform basis, a proforma and a questionnaire (as in Appendix II enclosed) were drawn up and sent to the selected collieries for completion. Clear instructions were given to the Cost Accounts Officers about the scope of the investigations. The period originally selected was the latest half-year available. If, for instance, a colliery had figures available upto December, 1965, it was to furnish the data for the half-year ending December, 1965, while a colliery which could produce figures upto February, 1966, was required to treat the period September, 1965 to February, 1966 as the costing period.

Subsequently, it was felt that unless a uniform period was fixed for all the collieries irrespective of their accounting year, the data collected would not be quite comparable. Accordingly, the collieries were requested to furnish data on a uniform basis for the period September, 1965 to February, 1966. Though many of the collieries gave figures for the costing period September, 1965 to February, 1966 some could not do so and submitted cost data for somewhat different on the ground that their accounts could not be recast in time. This deviation had, therefore, to be accepted in order to avoid further delay.

The number of collieries actually costed with their output during the costing period, the annual output of all the collieries in the Bengal-Bihar fields for the year 1965 and the proportion of the output of the collieries costed compared to the total output of the Bengal Bihar fields are as under :

| (Tonnes in lakhs)            |                            |   |   |
|------------------------------|----------------------------|---|---|
|                              | No. of Collieries selected | Production during 1965 for the Industry | Production for costing period (6 months of selected collieries) |
| Bengal-Bihar private sector. | 27                         | 36.36                                   | 18.28%  |
| Bengal-Bihar public sector.  | 3                          | 10.27                                   |   |

The distribution of production of coal among the various grades in 27 private collieries of the Bengal-Bihar region is as under :

|                | Grade | Tonnes  | Percentage |
|----------------|-------|---------|------------|
| I. Coking Coal | A     | 418,880 | 11.74      |
|                | B     | 39,906  | 1.12       |
|                | C     | 146,221 | 4.10       |
|                |       |         | (Contd.)   |

| 1                   | 2         | 3   | 4                | 5             |
|---------------------|-----------|-----|------------------|---------------|
|                     | D         | ... | 117,169          | 3.29          |
|                     | E         | ... | 320,059          | 8.97          |
|                     | F         | ... | 215,287          | 6.04          |
|                     | G         | ... | 167,746          | 4.70          |
|                     | H         | ... | 263,760          | 7.40          |
|                     | HH        | ... | 60,196           | 1.69          |
|                     |           |     |                  | <u>49.05%</u> |
| II. Non-coking Coal | Sel. A    | ... | 562,899          | 15.78         |
|                     | Sel. B    | ... | 270,139          | 7.57          |
|                     | Gr. I     | ... | 890,192          | 24.96         |
|                     | Gr. II    | ... | 94,186           | 2.64          |
|                     |           |     |                  | <u>50.95%</u> |
|                     |           |     | 35,66,640        | 100.00        |
| Total I and II      |           |     | 35,66,640        |               |
|                     | Gr. III-A | ... | 59,337           |               |
|                     | Gr. III-B | ... | 9,950            |               |
|                     | Ungraded  | ... | 279              |               |
|                     |           |     | <u>36,36,206</u> |               |

So far as the costing methods are concerned, we have followed the C.P.R.C. with the three exceptions noted below :

I. Wages and Salaries : Though the data have been collected separately, as far as practicable, for wages, salaries, administration and labour amenities, we have preferred to club the expenditure under these heads and have treated it as one composite item of expenditure. This is on the ground that accounting procedures differ from colliery to colliery and the pattern of the organisation also varies. As regards the former, we have noticed that in some of the collieries, payments made to daily-rated staff has been considered as salary. Again, in some of the collieries, as per accounting practice followed by them, only payments made to junior and senior executive staff are shown as salaries. Any comparison of 'wages' and 'salary' figure separately for the individual collieries costed well, for these reasons, be difficult and misleading. In so far as the varying organisational pattern of the collieries is concerned, we find that some of the collieries are managed at the coal field level and they do not have a separate head office administration. Many of them do not have separate cost even for the staff employed in coalfield office administration. In such cases, the payments made to their staff employed on office administration are booked under 'wage and salaries'. We have, therefore, considered it appropriate that all these elements should be put together in order to afford a cost comparison in a

more rational manner.

II. Labour Amenities and Implementation of the Coal Mines Regulations : It was found that various components of expenditure under this head are not shown separately but each item is booked in its appropriate place like wages, salaries, stores, power, etc. Hence any segregation of the expenditure is not possible. It may be worthwhile mentioning that the C.P.R.C. also could not isolate the expenditure. At the time of their study, Coal Mines Regulations of 1957 had not been fully implemented. They, therefore, made a careful examination of the probable cost and recommended a figure of Rs. 1.10. By now, provisions with regard to Coal Mines Regulations, Labour Amenities etc. have more or less been fully implemented and all the expenditure on this account is merged in the overall accounts of the collieries. We do find, however, that a few collieries have booked some expenditure under this head separately too; but we are satisfied that the entire expenditure under this head is not being booked separately even by these collieries. We have included these figures when calculating the overall cost. It is under these circumstances that we have decided to deviate from the method adopted by the C.P.R.C. and not to show separately the full cost for this element of labour amenities and implementation of Mines Regulations, etc.

III. Royalty : Since 'royalty' is now being paid as an uniform percentage of the selling price, it is no longer necessary to take it into account in the cost

structure on the debit side. We propose to add the royalty element to what we consider the fair selling prices for the different grades of coal.

#### Analysis Of Cost Data And Our Conclusions For The Bengal-Bihar Coal Fields

We agree with the C.P.R.Cs' statement that for a general appreciation of the cost structure the report for Bengal-Bihar fields should be treated as providing the basic data as these fields produce about 73 per cent of the total output of coal in India. While several basic factors in the structure would equally apply to the outlying fields of Madhya Pradesh, Maharashtra and Orissa, these latter fields would require separate treatment. We have accordingly dealt with Madhya Pradesh, Maharashtra in Orissa, i.e., outlying fields, separately.

The collieries in Assam are, again, a class apart as also the ones in Andhra Pradesh. We accordingly propose to deal with these also separately.

We have carefully considered the reports submitted by the Cost Accounts Officers. A preliminary examination of these revealed wide variations in the same element of cost even among collieries in the same fields. This was also the observation of the C.P.R.C. in this respect. In many cases, no satisfactory explanation for these variations was available though ample opportunity was provided to the Industry for clarifying the position. It is no doubt, true that there are bound to be certain variations in any industry which are not clearly attributable to specific reasons. We came across certain cases where there were wide variations inspite of the fact that the working conditions were not very different and the collieries were situated in the same field. One of the reasons for these variations is no doubt the difference in productivity which may arise as a result of the degree of mechanisation accomplished. We also find considerable variations in the output-per-manshift (O.M.S.) even among collieries having more or less similar conditions of working. The difference in O.M.S. could by and large be related to: (i) the difference in mining methods, (ii) geological conditions, (iii) the degree of mechanisation, and (iv) efficiency of management.

Having regard to all the above factors and after a careful analysis of the cost data furnished by the Cost Accounts Officers, we feel that the proper way of arriving at the fair and reasonable cost of production under each head would be by adopting the weighed average method on an overall basis except in case of the expenditure grouped under the composite head "wages and salaries, etc."

We are of the view that the above will be a more realistic method of arriving at the true cost as compared to the assumed cost of an imaginary colliery managed

with reasonable efficiency and facing no special problem or special difficulty which, briefly, was the method adopted by C.P.R.C. As we have stated in foregoing paras, there is enough material before us which will enable us to arrive at a reasonably accurate cost figure under each head which goes into the overall cost of production of coal.

In the light of what has been set out above in the preceding paragraphs, we shall now proceed to work out the costs under the following heads based on the Cost Accounts Officers' report :

(1) Wages/Salaries/Wages and Salaries/element on account of labour amenities/coal field administration and head office administration.

(2) Cost of stores.

(3) Cost of power, cess, colliery consumption and miscellaneous expenditure, etc.

(4) Depreciation.

(5) Brokerage and Commission.

Wages/Salaries/Wages and Salaries/Element on Account of Labour Amenities/Coalfield Administration and Head Office Administration: The element of cost under this head constitutes one of the major items of cost in the raising of coal. Out of the 29 collieries costed on our behalf, the results of 27 have been taken into account for purposes of our report. Two collieries have been omitted on account of abnormal features observed in their cost results. The reason in one case was that the colliery was nearing exhaustion of its coal reserves and in the other case, the colliery worked much below its normal capacity. Hence, it was not considered in arriving at overall conclusions. The cost data furnished by the 27 collieries revealed an element of cost per tonne under this head ranging from Rs. 7.37 to Rs. 19.60. Among these collieries, O.M.S. ranged from .37 to 2.03 tonnes.

From the cost figures of these 27 collieries, it is not possible to have a reasonably accurate break-up of costs under the different heads: (1) Wages, (2) Salaries, (3) Labour amenities, (4) Coalfield administration, and (5) Head office administration. As explained in para 19, the cost study conducted on our behalf revealed that the demarcation amongst the above heads was not very clearly maintained even by those collieries which had separate account heads for these items of expenditure. In several cases, these items are not booked under separate heads at all. For items (3), (4) and (5), the relevant salary/wages element is reflected under the overall head of wages and salaries. Similarly, the expenditure, apart from wage and salary element, i.e., on power, stores, miscellaneous, etc., under the heads of labour amenities, coalfield administration etc. is reflected under the respective normal heads instead of being shown separately.

The C.P.R.C. had estimated, on an ad hoc basis, the expenditure under the head "labour amenities" and the "Coal Mines Regulations" as these Regulations were only in the process of being implemented at the time and, therefore, the full impact of expenditure on this account, in terms of actuals, could not be determined. The position, however, is different today when the above provisions have since been implemented. Even though itemwise booking of the expenditure may not be there, it is all the same true that necessary expenditure is being incurred and the same is booked under other normal heads.

We have carefully considered the costing data of the 27 collieries and having regard to the relevant factors as emerging from our costs analysis, we feel that neither the overall average nor the weighed average of all the 27 collieries taken up for the costing will give us a fair idea of the costs which may be accepted as being representative of the Industry. We have accordingly eliminated both the high-cost and the low-cost collieries and based our judgment on the results of the "middle of the group" collieries. We have eliminated 10 collieries where the expenditure under this head is less than Rs. 14 and 7 collieries where the expenditure is more than Rs. 17. Our study is thus restricted to 10 "middle of the Group" collieries out of a total of 27. We have eliminated a larger number of low-cost collieries as compared to the high-cost ones in order to arrive at a fair result. The aggregate expenditure under this head of the 10 collieries in the middle group comes to Rs. 15.62 per tonne. It may be mentioned incidentally that the overall average figure of an alternative exercise of selecting the "middle of the group" collieries, on the basis of wage factor alone. For this purpose, 19 collieries were selected by eliminating 4 high-cost and 4 low-cost ones. This gives an average cost of Rs. 15.62 per tonne under this head which is the same figure as worked out by us from 10 "middle of the group" collieries.

We have separately examined the wage cost as it emerges from the cost sheets. The wage element in the 10 "middle of the group" collieries selected by us by eliminating the very high and very low cost collieries, ranges between Rs. 10.80 to Rs. 14.79 per tonne. This is different from the overall range taken under the composite head which, as pointed out, in the preceding para, varies between Rs. 14 to Rs. 17. Applying the weighed average formula, the average figure for the wage factor alone of these 10 collieries worked out to Rs. 12.80. The overall average wage cost for the 27 collieries is Rs. 12.75. The variation is explained by the fact that we have eliminated a large number of low-cost collieries as against the high-cost ones. We accept the figure of Rs. 12.80 as the average wage cost.

The wage cost of coal is directly linked with output-

per-manshift. Other things remaining equal, any increase in O.M.S. should involve a corresponding decrease in cost per tonne. The O.M.S. in the coalfields of India has been gradually increasing. Against the O.M.S. 40 tonne adopted by the C.P.R.C., the O.M.S. during the year 1965, according to the latest published figures of Chief-Inspector of Mines, was 55 tonne. The O.M.S. of all the 27 collieries and also those in the middle group was found to be .52. We feel that since wages are by and large directly linked to productivity, it will be appropriate to adjust the wage factor in accordance with the overall O.M.S. of the Industry in the year 1965, i.e., .55 tonne. This is also in line with the procedure adopted by the C.P.R.C. Adjusting our wage figure of Rs. 12.80 per tonne to the overall O.M.S. of the Industry, i.e., .55 the revised wage figure for purposes of our cost study would work as under :

$$\frac{12.80 \times .52}{.55} = 12.10.$$

We feel it will be appropriate to take into account the element of cost for profit sharing bonus and the variable D.A. 6th slab, which was allowed to the workers with effect from 1st April, 1966. The burden of these has already been neutralised by the price increases granted by the Government of India for these two factors. We accordingly feel that the rise in costs on this account has been offset by the price increase already given. We propose, therefore, to make a provision for this element in the cost structure at the same figure which the Government approved while granting the above-mentioned price increases. Hence, an amount of 40 paise per tonne for profit sharing bonus and 36 paise per tonne for 6th V.D.A. slab has to be added to the wage element worked out at Rs. 12.10 per tonne above. The corrected wage cost figure is thus Rs. 12.86 per tonne.

After taking into consideration the aforesaid adjustments on account of O.M.S. profit sharing bonus and V.D.A. 6th slab, the overall cost of Rs. 15.62 per tonne under this head will become Rs. 15.68 per tonne.

The C.P.R.C. had recommended Rs. 12.15 under all these heads. It will thus be seen that the expenditure under these heads has registered an increase of Rs. 3.53 per tonne which works out roughly to an increase of about 29 per cent.

The C.P.R.C. had recommended this wage structure linked with the O.M.S. of 40 tonne while our recommendation in this behalf is based on an overall O.M.S. of .55 tonne. This would go to show that the productivity having increased substantially (about 35 per cent) the actual rise in wages related to productivity, as compared to the C.P.R.C. figure in fact works out to about 74 per cent.

Considering the wage rise since the C.P.R.C. submit-

ted its report, as reflected in our studies, and, having regard at the same time to the increases in productivity by about 35 per cent, we feel that the figure of 15 68 is fair and reasonable.

**Stores:** In the written memorandum submitted by the Industry as well as during the course of discussions with us, great stress was laid by the Industry's representatives on the increases that have taken place in the cost of plant, machinery, spares and other stores. There is, no doubt, considerable truth in the contention that the cost of machinery, spares and other stores has increased since 1958. Our cost study has also revealed that the expenditure on account of stores has moved up sharply. It varied from Rs. 0.71 per tonne to 6.30 per tonne for the 27 collieries costed by us (Annexure No. III). The reason for this wide variation has been explained on account of: (1) mining methods, (2) varying geological conditions, (3) degree of mechanisation achieved, etc. The overall weighed average of 27 collieries costed works out to Rs. 3.40 per tonne as against Rs. 1.72 per tonne allowed for stores expenditure by the C.P.R.C. This roughly represents a 100 per cent increase over the C.P.R.C. figure. Having regard to the general increase in price level and also the fact that there has been an increase in mechanisation which involves larger consumption of store we feel that the figure of Rs. 3.40 per tonne under this head should represent an adequate provision. Accordingly, we have adopted this figure in arriving at the fair selling price.

The Industry has made a representation that between our costing period and the writing of our Report, i.e., March to September 1966, there has been a considerable rise in the price of stores very largely due to devaluation. While we generally accept this argument we must point out that, it has not been possible for us to make any proper cost study of the increase in stores cost on account of devaluation or any general price increase that may have taken place after February, 1966. We, therefore, have not been able to take this probable price increase into consideration. We recommend that this aspect should be considered by Government as soon as adequate cost data on the subject becomes available.

**Cost of Power, Cess, Royalty, Colliery Consumption and miscellaneous expenditure etc.:** From the cost studies conducted by the Cost Accounts Officers on our behalf for the different collieries, we find that there are wide variations. We think these variations are inherent in the situation. The cost on account of power, colliery's own consumption of coal and miscellaneous expenditure would depend among other things, largely on the colliery's output, the method of mining etc. The following table illustrates the range of variation under the various heads for 27 collieries costed by us :

| Heads                           | Range per tonne |
|---------------------------------|-----------------|
| (1) Power ... ..                | .39 to 3.06     |
| (2) Cess ... ..                 | .04 to 0.35     |
| (3) Misc. ... ..                | .06 to 1.39     |
| (4) Colliery-consumption ... .. | .20 to 1.12     |

The C.P.R.C. provided Rs. 1.82 per tonne on account of the above items of cost, including royalty. Taking out the royalty expenditure out of the above amount, the balance left, to cover the expenditure for the remaining items would be about Rs. 1.55 per tonne. Based on our cost studies, we have arrived at a figure of Rs. 2.39 per tonne for these items. This represents an increase of roughly about 54 per cent over the C.P.R.C. figure. We consider this as fair and representative of the Industry's present-day cost.

**Royalty:** The C.P.R.C. had included expenditure under this head under the overall head "cost of power, colliery's own consumption of coal, royalty, cess and miscellaneous items". We have taken royalty out of this overall head for the reason that the position has materially changed since C.P.R.C. examined this issue. Pre-1949 leases were not governed by the uniform rate of royalty prescribed under the Mineral Concession Rules, 1949 in 1958. Since then, uniformity in the royalty rate has been brought about by making the provisions of the Mineral Concession Rules, 1949 applicable to the pre-1949 coal leases also. Since royalty is now payable as a percentage of the selling price which, in turn, varies for different grades of coal, there will be practical difficulties, if royalty is taken as part of the general cost. We are accordingly of the view that an element of expenditure on account of royalty, should be worked out separately after the fair selling price of the industry has been derived. The amount so determined on account of royalty should be added to the fair selling price, i.e., the fair selling price would go up by this extent.

**Depreciation:** In their memorandum to us and during our discussions, the representatives of the industry made a strong plea for an adequate element in the price of coal in order to provide for depreciation, rehabilitation of plant and machinery and development. Their main arguments are the following :

(i) Investments in the coal industry were made at a time when prices, comparatively speaking, were lower than what they are today and the cost of replacing the assets would be much higher under the present-day conditions;

(ii) As a mine is worked and the coal face recedes, fresh capital expenditure is required for maintaining production ;

(iii) A colliery is a wasting asset and most of the investment has to be written off when the coal is exhausted.

(iv) Substantial capital expenditure has to be incurred for development of a coal mine, if the industry is to arrange for sizeable increase in production. We feel that there is considerable force in these arguments.

The C.P.R.C. had observed as follows while dealing with depreciation in their report :

"In our opinion the price structure should be such as would enable the industry not only to keep the plant and equipment in efficient functioning, but also to permit of further development. In this context, the amount that is admissible for income-tax purposes—which is based generally on the written down value of the plant and other fixed assets from time to time—is not really relevant. We think that the factors which do have a bearing on this question are the capital employed in the industry, the requirement for maintaining existing assets in efficient condition and the likely cost of further development."

On this basis, the C.P.R.C. arrived at the average capital employed per ton of coal at about Rs. 16. In order to make an adequate provision for development, the C.P.R.C. provided an additional 25 per cent on the average capital employed, i.e., Rs. 16 per ton. They further took the useful life of the assets in coal mines as 12 years. By this process they arrived at the provision for depreciation and development allowance at Rs. 1.70 per ton (Rs. 1.67 per tonne).

We generally agree that the Coal Industry should have somewhat liberal depreciation allowance and that the method followed by C.P.R.C. is on the whole reasonable. At the time of the C.P.R.C.'s cost study, the development rebate available as per I.T. Rules, on the basis of which the C.P.R.C. proceeded, was 25 per cent. At present, the development rebate available to Coal Industry as per the I.T. Rules, is 35 per cent on the capital employed. At the same time, we have not taken into account the provision for expansion, as was done by the C.P.R.C. when they raised the actual capital employed from Rs. 14 to Rs. 16 per ton. This aspect, we are dealing with separately in our report.

The capital employed in the Industry now stands at Rs. 18.34 per tonne, according to our cost study. After adding 35 per cent on account of development, we get a figure of Rs. 24.76 per tonne. Assuming the useful life of assets as 12 years following the C.P.R.C. the allowable depreciation comes to Rs. 2.06 per tonne.

**Brokerage and Commission:** Under the Colliery Control Order, a brokerage not exceeding 37 paise per ton can be paid by the colliery owner to the broker. While it is true that colliery owners do incur some expenditure on their sale organisations, our cost examination has revealed that barring a few exceptions hardly any colliery pays maximum brokerage commission. Of the 27 collieries costed, in 6 collieries the expenditure under

this head exceeds 37 paise per tonne. The overall expenditure ranges from nil to 56 paise per tonne. We have also taken into consideration the fact that on direct sales for instance to the Railways, which are substantial, no brokerage or commission is paid. Having considered all these aspects, we feel that for purposes of cost structure, an allowance of 25 paise as was also recommended by the C.P.R.C. would be adequate.

**Recoveries:** In the cost examination undertaken by the Cost Accounts Officers, it was noticed that some of the collieries have miscellaneous receipts by way of sale of scrap, steel and house rent, etc. There was no uniform pattern for these recoveries, inasmuch as 15 collieries out of 27 costed did not have any recovery at all. In view of a similar situation, the C.P.R.C. considered it desirable to ignore the sundry receipts of this nature. The average receipts in this respect in the collieries costed by us works out to 8 paise per tonne. We are of the view that these receipts being of an uncertain nature and not shown uniformly by all the collieries, may be ignored for the purpose of arriving at the true cost of production.

As per the recommendation of the C.P.R.C., the collieries have become entitled to a subsidy on difficult mining conditions, i.e., gassiness, depth of shaft, thinness of seam and pumping charges of water, etc. At the time of the cost examination by the C.P.R.C., the question of any receipts on account of subsidy for difficult mining conditions did not arise. It is observed from the returns furnished by the collieries that they are in receipt, on an average, of a subsidy to the tune of 61 paise per tonne from the Coal Board. Our cost examination has also revealed that the items of expenditure, in reimbursement of which the subsidy is given are not separately classified. Since the expenditure in this regard is being incurred by the collieries entitled to difficult mining conditions subsidy, it is obviously being booked under the various heads for normal mining expenditure, i.e., wages, salaries, stores, power, depreciation etc. The expenditure having been debited against the appropriate heads, the receipts on this account have also to be taken into consideration in order to arrive at the true State of affairs. We, therefore, propose to credit 61 paise per tonne on the receipt side.

**Adjustment in the Cost due to loss of Man-days—Abnormally:** The period of accounting selected for costing purposes, i.e., from September, 1965 to February, 1966, did not represent the normal period during the year, inasmuch as 5 of the 7 paid holidays, on the whole two extra holidays on account of the demise of the late Prime Minister, Shri Lal Bahadur Shastri. It will thus be seen that as against the normal working days aggregating to about 153 during the half year, we

had to take into account production for a total of 148 to 149 working days only. This had the effect of reducing production which, directly led to the enhancement of overall costs abnormally. We feel that under the circumstances of the case, there should be a 1 per cent deduction in the overall costs.

**Downgrading of Coals—Effect thereof :** The Industry's representatives have urged before us that due to revision of grades by the Coal Board, there has been a large scale downgrading of coals. They further mentioned that as a result of adoption of the method of pre-wetting for analysis of coals, which is a comparatively recent innovation, and shows the moisture contents of the coals analysed to be somewhat higher than what they really are, many of the high moisture coals have been downgraded. This has caused considerable loss to the industry on account of lesser sales realisations on the downgraded coals. We have examined this contention of the industry and are of the view that this aspect, important though it is to individual collieries, does not affect the correctness of our calculation of "fair return" to the industry. We have taken the present-day gross sales realisation vis-a-vis their overall cost of production. All cases of lower sales prices for downgrading of individual collieries are reflected in the overall sales realisations of the industry. However, we bring the problem raised by the industry to the notice of Government. Extensive downgrading of coals is bound to cause serious financial loss to the industry in the long run.

**Profit :** The C.P.R.C. considered a return of 11 per cent on capital employed as appropriate (Rs. 16 per ton). This nearly worked out to 10 per cent of the cost of production at that time. This they considered just adequate though not sufficiently attractive for new investments in the industry.

In the light of present-day conditions the chief among them being the high rate of interest on the borrowings, we feel that the 11 per cent return on capital employed is no longer remunerative.

It has been brought to our notice that while recommending a fair price, the Tariff Commission has lately accepted 12 per cent as a fair return on the capital employed. We are of the view, having regard to the general economic climate in the country, as also the pattern followed by the Tariff Commission, that we should reasonably allow to the Coal Industry a return of at least 12 per cent on this which now stands at Rs. 18.34 per ton. A return of 12 per cent on this amount would work out at Rs. 2.20 per tonne as the profit margin.

This profit when related to the cost of production would imply a return of about 9 per cent as against 10

per cent in case of the C.P.R.C. in 1958. We feel that for the Coal Industry the return should not be related to cost of production but to the capital employed. We have thus arrived at a profit of Rs. 2.20 based on a 12 per cent return on the capital employed.

To sum up, the cost structure on the basis of an O.M.S. of 55 would be as (table A on next page).

**Revision of Prices :** The average of sales realisation of the industry per tonne should therefore be Rs. 26.46. This represents a normal cost of Rs. 24.26. It is necessary to consider what the average sales realisation is at current price. For this purpose, we propose to follow the pattern of production of 1965-66 in the Bengal-Bihar area ignoring the production of Grade III Coal. In 1965-66 the production gradewise (excluding Gr. III) was as follows :

| Non-coking coal |  | Percentage |
|-----------------|--|------------|
| Sel. A          |  | 14.81%     |
| Sel. B          |  | 9.92%      |
| Grade I         |  | 59.27%     |
| Grade II        |  | 16.00%     |
| Total           |  | 100.00%    |
| Coking          |  | Percentage |
| Grade A         |  | 4.09%      |
| Grade B         |  | 2.02%      |
| Grade C         |  | 5.06%      |
| Grade D         |  | 5.97%      |
| Grade E         |  | 22.31%     |
| Grade F         |  | 13.84%     |
| Grade G         |  | 16.53%     |
| Grade H         |  | 12.68%     |
| Grade HH        |  | 17.50%     |
| Total           |  | 100.00%    |

In Bengal-Bihar fields, the total production of non-coking coal during 1965-66 was 28.48 million tonnes. During the same period, the coking coal accounted for 16.96 million tonnes. The proportion of non-coking coal to coking coal, therefore, works out to 63.37. These production figures are upto Grade II only. We do not propose to take into account Grade IIIA and IIIB coal on the same grounds as C.P.R.C. considered.

Each grade has again two different prices according to the size of coal. Run of mine and slack coal are in one group, while steam and rubble form another group. Between these two groups, the proportion is approximately 40 per cent and 60 per cent respectively. The average price for each grade on this basis works out as (table C on next page)

TABLE A

(Rs. per tonne)

| Element of cost  | As per C.P.R.C.'s recommendation (all costs have been shown here with ref. to tonnes as against ton, after conversion, and, hence, the difference in figures from those actually mentioned by the C.P.R.C. in the report). | As per our recommendation |
|--|--|---------------------------|
| 1. Wages, salaries, administration, labour amenities and Coal Mines Regulations  | ... 12.15  | 15.68                     |
| 2. Stores  | ... 1.72   | 3.40                      |
| 3. Power, royalty, cess, colliery consumption and other misc. items              | ... 1.82   | 3.71                      |
| 4. Depreciation  | ... 1.67   | 2.06                      |
| 5. Brokerage and Commission  | ... 0.25   | 0.25                      |
|  | <hr/>  | <hr/>                     |
| Total :  | 17.61  | 25.10                     |
| Less subsidy for difficult mining conditions                                     | ... —  | 0.61                      |
|  | <hr/>  | <hr/>                     |
|  | 17.61  | 24.49                     |
| Less adjustment for lesser number of working days in costing period @ 7 per cent | ... —  | 0.23                      |
|  | <hr/>  | <hr/>                     |
|  | 17.61  | 24.26                     |
| Add fair profit  | 1.72   | 2.20                      |
| Fair selling price   | 19.33  | 26.46                     |

TABLE B

| Non-coking coal | Price per tonne as revised upto April, 1966 |
|-----------------|---|
|                 | Rs.   |
| Sel. A          | 29.33                                       |
| Sel. B          | 27.84                                       |
| Grade I         | 25.51                                       |
| Grade II        | 24.03                                       |
| Coking          |   |
| Grade A         | 31.17                                       |
| Grade B         | 30.18                                       |
| Grade C         | 29.12                                       |
| Grade D         | 27.73                                       |
| Grade E         | 27.23                                       |
| Grade F         | 26.50                                       |
| Grade G         | 26.01                                       |
| Grade H         | 25.77                                       |
| Grade HH        | 24.03                                       |

comes to approximately Rs. 26.24 per tonne. This shows a shortfall of 22 paise over the fair selling price worked out by us at Rs. 26.46 per tonne. Therefore, we recommend an upward revision of 20 paise per tonne. This proposed increase in price by 20 paise per tonne should apply only to coking coals above and including grade H and in case of non-coking coals to those in Grade I and above. For the rest, i.e., grade II non-coking and grade 'HH' in coking the 20 paise price rise should be given by Government in its discretion having due regard to supply and demand factors and general market conditions. We should, however, make it clear that many of the units in the industry are not actually getting the anticipated profit margin now because they are not receiving adequate re-imbursement of their stowing expenses. We shall deal with this important pattern in the next chapter.

#### Other References

Stowing: The C.P.R.C. excluded the cost of stowing in their calculations for arriving at a fair selling price of industry. They, however, observed that provision should be made for meeting this cost where it has

Taking the weighted average of raising of various grades as quoted above, the gross sales realisation



to be incurred. The C.P.R.C. observed as follows in this regard :

"Stowing is not practised in all collieries, nor it is necessary to do so. It is mainly required in thick seams, both for maximum extraction of the reserves and for avoiding dangers of collapses and consequent risks of fire. On both these considerations, the encouragement of stowing, where necessary, is regarded very important. The Coal Board, therefore, subsidises stowing to the extent 75 per cent or 85 per cent of the stowing costs actually incurred, subject to calculate maximum limits. It would not be difficult to calculate the balance of the cost which collieries have to incur themselves. Even these, however, would vary. We have, therefore, thought that it would be inappropriate to include an element for stowing in the general price of coal. At the same time, it is not only necessary to provide for stowing costs to be met, but to do it in such a way that there will be no disinclination to adopt stowing. We, therefore, recommend that stowing costs should be met in full. Maximum limits should of course, be prescribed to ensure economy of expenditure on stowing."

We have also excluded the stowing cost while arriving at the fair selling price. This aspect we are considering separately here as it deserves a special treatment.

Out of the 27 collieries costed in the private sector of the Bengal-Bihar regions, 15 collieries were found to be resorting to stowing operations. We have noticed that while some of the well-organised companies do maintain the distinction in their accounts between stowing expenditure, vis-a-vis the rest, others do not. In cases where expenses are allocated specifically to stowing we have accepted their figures and deducted the same from the total expenditure incurred by them in the normal raising of coal. The difficulty however, arises in collieries where stowing expenses are not separately maintained. Here we had to proceed in an estimated basis, adopting for this purpose the figures put forth by the collieries concerned when claiming stowing subsidy. Accepting this as the proper expenditure under this head, we have deducted the same from the total cost structure which has been dealt with separately for arriving at the raising cost.

As against a total amount of Rs. 805.96 lakhs relating to the gross raising of 36.36 lakh tonnes of 27 collieries costed by us, the amount of expenditure apportionable to stowing has been found by us to be of the order of 91.51 lakhs. The losses incurred on stowing are illustrated by the following table :

Total Coal Won from Stowing Operation : 11,86,099 tones.

| Particular                      | Total Rs.<br>in lakhs. | Cost per<br>tonne of<br>stowed<br>coal |
|---------------------------------|------------------------|--|
| Expenses allocated to stowing   | 91.51                  | 7.71                                   |
| Subsidy estimated there against | 58.07                  | 4.89                                   |
| Loss on stowing                 | 33.44                  | 2.82                                   |

We find that collieries are, on an overall basis, losing Rs. 2.82 per tonne of coal won as a result of stowing operations. Even after taking into account the coal won by stowing, the collieries which are resorting to stowing have practically no profit margin left on the stowed coal. The profit on normal coal raising is offset to a large extent in many cases by the losses incurred on stowing.

The C.P.R.C. recommended 100 per cent reimbursement of the expenditure on stowing. They had at the same time considered that in order to ensure economy of expenditure on stowing, there should be certain maximum limits for reimbursement. We find that under the present-day conditions, there is quite a substantial gap between the actual expenditure and the allowable reimbursement. The industry has mentioned to us that the ceiling fixed under many of the sub-heads needs to be raised in accordance with the present-day costs so as to neutralize the losses on stowing. We think any revision of the rates must be based on a proper cost examination. It has not been possible for us, so far to collect the necessary data. Therefore, we propose to submit later a separate report on stowing subsidies.

We have not been able to examine whether it will be cheaper for stowing collieries to get their requirement of sand through the Coal Board ropeways and therefore unable to judge how the carriage of sand by the Coal Board ropeways affect the expenditure under the relevant sub-heads for stowing subsidies. This aspect, we feel, needs to be further looked into and while submitting a separate report on subsidies we shall take this factor into account as well.

**Hard Cases Subsidy :** The Industry's representatives urged before us very strongly that they are also losing on the subsidy for hard cases i.e., (i) gassy nature of mines, (ii) depth of workings, (iii) geological conditions, (iv) higher pumping charges, (v) nature of seams, (vi) high transportation costs from the pit-head to the rail-head. We have not been able to examine this aspect in detail as the necessary data are not readily available. We note that the Coal Board set up a Committee under the Chairmanship of Shri Jabbi, C.I.M. for considering this matter. Though they recommended that the excise duty should be raised by

25 paise per tonne immediately and by another 25 paise per tonne later during the Fourth Plan period to enable the Coal Board to allow adequate reimbursement of this cost, they did not work out what should be the proper rates. We are examining this matter and shall give our views in a subsequent report.

**Pre-Wetting:** The industry's contention is that the method of pre-wetting coal samples before analysis, which is being followed by Central Fuel Research Institute since 1962 is resulting in an artificial increase in the moisture content of the coals, the variations being of the order of 2 to 4 per cent depending on the nature of the coal. They maintained that the C.F.R.I. unilaterally resorted to this method of analysing coals. We have looked into this matter carefully. We find that the methods of proximate analysis for coal and coke were laid down by Indian Standards Institution (I.S. 1350—1959) in accordance with the recommendations of the Solid Mineral Fuel Sectional Committee (CFC 14 of ISL). This Committee whose report was published in 1960 consisted of representatives of the following institutions and interests:

- (i) Council of Scientific and Industrial Research;
- (ii) Indian Mining Association;
- (iii) Directorate General of Supplies and Disposals;
- (iv) Railway Board;
- (v) Indian Coal Grading Board;
- (vi) Tata Iron and Steel Co. Ltd.,
- (vii) Bird and Co.;
- (viii) The Coal Controller;
- (ix) Indian Mining Federation;
- (x) Geological Survey of India;
- (xi) Coal Consumer Association, Calcutta;
- (xii) Mining, Geological and Metallurgical Institute of Calcutta;
- (xiii) Indian Iron and Steel Co. Ltd.;
- (xiv) Indian Standards Institution.

The Central Fuel Research Institute has been following the methods prescribed by the above Committee. It is, therefore, not correct on the part of the industry to say that C.F.R.I. has devised its own methods or that the Coal Industry was not kept informed of the change in the method of analysis. The correspondence that have taken place on this subject amongst the coal Industry, Coal Controller and C.F.R.I. indicates that there is some force in the industry's contention that as a result of pre-wetting some inaccuracies are creeping in at the time of proximate analysis of coal and some tolerance formula should be worked out so that the industry may not be adversely affected merely because of a change in the method of analysis. The report of the Solid Mineral Fuels Sectional Committee contains the following observations:

“While the need is urgent for standard methods of

test to be used not only in contracts between buyers and sellers but also in the various testing laboratories in the country and has to be met immediately, it is nevertheless considered prudent to keep this standard tentative for some time during which period further investigations will be conducted.”

We feel that the controversy has to be resolved at the technical level and that the most appropriate authority for doing this work is the Solid Mineral Fuels Sectional Committee which is fully representative of all the interests concerned. We, therefore, recommend that the issue may be referred to the above Committee for early decision.

**Amortisation of Arrears of Bonus:** We have already found from our price examination that the margin of profit available to the industry is inadequate. Therefore, the industry cannot reasonably be expected to have the resources to pay the arrear dues to workers under the Payment of Bonus Act, 1965, for the year 1964-65. The colliery companies have mostly discharged their legal obligation in this regard by drawing upon other funds or even by borrowing.

A careful cost study has been made by one of our Cost Accounts Officers as to the fund requirements for arrear bonus payment, and this works out to a figure of 37 paise per tonne on current raisings. We, therefore, recommend that an extra price of 37 paise per tonne should be allowed for all grades of coal for a period of one year only. The neutralisation is required for the first year, since for subsequent years commensurate price increase has already been allowed by Government.

**Supply of Footwear—Impact thereof on Prices:** At present, supply of footwear is not mandatory in the Coal Industry for all categories of workers, i.e., surface and underground. Hence any evaluation of the impact of such a scheme on price at this stage is not possible. The Chatterjee Committee's appointed by the Labour Ministry in 1963 carefully worked out the probable cost of supplying footwears at the cost of employers becomes mandatory, it should be easy to assess the financial liability in this regard in the light of the observations of the Chatterjee's Committee.

#### Development And Financing

During the 4th Plan period, the additional production of coking coal may have to go up by about 16 to 17 million tonnes according to the present indications. We do not know what will be the share of the private sector in this additional production. Assuming this to be 50 per cent, the existing private sector collieries may have to contribute about 8 million tonnes of additional coking-coal. This additional production will have to be achieved through increased mechanisation of the existing mines and this will require

an investment of Rs. 40 crores spread over 5 years at the rate of Rs. 50 per tonne of annual production. It is extremely unlikely that the industry will be able to find this sum of Rs. 8 crores a year for the next 5 years through their own efforts. The industry has urged that they will raise the output to the extent necessary, if they get adequate funds through price increase. To generate a net fund of Rs. 8 crores per year after taxation, the industry will have to be given about approximately Rs. 18 crores per year, which will mean a price increase of Rs. 2.60 per tonne on the basis of current raising of 70 million tonnes. Assuming for argument, sake that this price increase is granted, there is no certainty that all this amount will be utilized for increasing the output. In fact, the probability is that only a fraction of the amount so generated will be available for expansion and modernising. Hence, the idea of an incentive through adequate price increase has to be ruled out altogether.

According to competent Mining Expert, the cost of coal raising should not go up if the industry's expansion schemes are worked out carefully taking full advantage of the latest mining methods. From this point of view also there is no justification for raising the coal prices to enable the industry to increase the production to the extent envisaged. Therefore, the necessary funds should be made available to the industry in the form of loans. We are putting forth three alternate suggestions for consideration of the Government.

(i) **Loan from Market :** The Industry may borrow the amount required on long-term or medium-term basis from the market through issue of debentures or from Banks. This scheme, to be feasible, will probably require some support from the Government. This support may be in the form of a guarantee of repayment of a substantial portion of the loan as

was done in the case of loan obtained from I.B.R.D. for the Coal Industry during the Third Plan. As an alternative, Government may meet a part of the cost of interest during the first 5 years or so which is generally the period required for modernising a coal mine. The amount required for this purpose will have to be raised through a small cess.

(ii) **Loan from Government sponsored Financial Institution :** Institutions like I.D.B.I., I.F.C., I.C.I.C.I., and L.I.C. may provide the amount required. But it is doubtful if the available funds from these institutions during the Fourth Plan period will be adequate for taking up this additional obligation.

(iii) **Loan from a fund to be created by Levying Cess :** A cess at the rate of Rs. 1 per tonne may be raised on all grades of coal yielding Rs. 7 crores a year, for the next 5 years in order to finance expansion schemes. This sum should suffice as the industry will be able to meet a portion of the requirement from their own resources. The fund created from the levy of cess will be administered by the Coal Board who will grant loans on suitable terms, for approved expansion projects.

Whatever methods of financing may ultimately be approved for raising the production of coking by 8 million tonnes per year approximately, the expansion schemes will have to be worked out carefully on proper expert advice. The schemes selected for assistance must be financially viable and a colliery so assisted should be able to repay the principal and interest charges as laid down under the scheme. The Coal Board should have sufficient technical assistance at its disposal for proper technical examination of the schemes. Some form of control should also be retained over the management of the borrowing collieries in order to ensure that money granted as loans is properly utilised by them.

## COMMITTEE ON ESSENTIAL DRUGS, 1966—REPORT

New Delhi, Ministry of Health and Family Planning, 1969. 55p.

**Chairman :** Dr. K.N. Rao.

**Members :** Dr. K.L. Wig ; Dr. P.N. Chuttani ; Dr. J. C. Banerjee ; Dr. R. Subramaniam ; Dr. B.K. Naik ; Dr. B.B. Yodh ; Major Genl. Inder Singh ; Dr. R.N. Chowdhuri ; Dr. Shantilal C. Sheth (replaced by Dr. Bhola Nath) ; Dr. K. P. Bhargava.

**Secretary :** Shri S.K. Borkar.

### APPOINTMENT

The Government of India, Ministry of Health and Family Planning appointed a Committee on Essential Drugs, vide their letter No. F. 1-32/64-D., dated March 30, 1966.

## TERMS OF REFERENCE

To advise the Government of India in regard to the preparation of lists of essential drugs and medical requisites for manufacture and import from time to time.

## CONTENTS

Genesis Composition and Scope of the Committee; Number of Meetings of the Committee; Inauguration of the Committee and First Meeting; Modus Operandi of the Committee; Approach of the Committee in the Choice of Drugs to be included in the Essential List; Aspects Associated with Essentiality of Drugs; Measures to Popularise the Essential List among the Medical Professionals; Prescriber's Journal; Multi-ingredient Drug Formulations—Need for Avoiding their use as far as Possible; Circumspection in the use of Vitamins; Antibiotics to be used with Caution; Caution legend to be shown on Labels of certain Drugs; Monitoring of Adverse Drug Reactions; Need for Keeping a Check on Drug Advertisements and their Promotional Literature; Psychotropic Drugs, Antihistaminic Drugs and Anabolics; Essential List of Drugs—A Guide for the Development of the Drug Industry; Recommendations; Essential List of Drugs to be kept up-to-date; Amalgamation of the Committee on Essential Drugs and the Therapeutic Trials Committee; Constitution of a Separate Cell to revise the I.P. and National Formulary; Acknowledgements; Appendices I to VI.

## RECOMMENDATIONS

The use of lozenges and penicillin ointments for topical use would not be advisable. Antibiotics which are meant for systemic use and sulpha drugs should not be permitted to be marketed in formulations intended for topical use. Ophthalmic ointments of antibiotics, including penicillin ointment, and sulphacetamide ointment and drops would however, be necessary in the opinion of the Committee especially for the treatment of trachoma and other infections of the eye. The use of antihistaminic preparations for external application was also recommended to be discouraged. The Committee, however, felt that the use of Neomycin, Polymycin, Bacitracin, Hamycin, Soframycin and Nystatin including combinations of these would be useful for topical applications.

The Committee on Essential Drugs recognises that therapeutic sera may have to be used in certain special cases such as for aborting an attack of frank tetanus or in the treatment of non-immunised patients with tetanus or in the treatment of non-immunised patients with tetanus prove wounds. However, the Committee recommends that, as far as possible, the use of therapeutic sera for immunisation purposes must not be resorted to.

State Governments may be apprised that adequate stocks of toxoids including tetanus, diphtheria and triple antigen are available and that they should encourage the use of these toxoids through their Primary Health Centres so that there could be a substantial saving in the use of sera and sensitisation could also be avoided.

In the case of drugs where it is apprehended that their use can give rise to toxic effects or other side effects, manufacturers of such drugs should be required to print on the labels of such drugs the legend—"CAUTION—this drug should be taken under medical supervision". Full particulars of the side reactions of such drugs, their toxic effects and the precautions that should be observed by the physicians before using them should be separately made available to the medical profession.

The use of Cyanocobalamin in oral formulation is not considered necessary in most of the cases. It however, administration of Cyanocobalamin in an oral form is indicated in any specific case, the drug should be got dispensed against prescriptions from pharmacies. Folic Acid preparations should be made available only against doctors' prescriptions in order to avoid any harmful effects to the 'Central nervous system due to self medication.

There is need for avoiding the use of readymade formulations of potent drugs and combinations of such drugs, as far as possible, as the dosage of active ingredients required in a particular case vary from patient to patient. The Committee felt that to avoid multiplicity of drugs formulations manufacturers should be asked to furnish data to justify their rational and give evidence of the efficacy of such-formulations as are not included in the latest edition of the National Formulary.

The co-operation of the medical profession should be sought in achieving the objective of the Committee which is to reduce the drug bill of the country without compromising on the therapeutic efficacy of the drugs used. The medical profession should be particularly requested to prescribe drugs by their generic names. The existing laws should be changed so as to ensure that generic names are shown more conspicuously on the labels than the trade names. The Medical Colleges, while imparting knowledge about therapeutics, should also strictly adhere to the generic names of drugs. Medical associations should be requested to encourage the use of generic names only and even advertisements that appear in the professional journals should be considered from this angle.

Nikethamide for oral use is not considered essential. If, however, the oral use of this drug is popular in other countries, there would appear to be no objection to Nikethamide for oral use being permitted to be exported.

The use of Olive Oil was also not considered essential

and refined Archis Oil or Coconut Oil could be used instead.

Seven Tinctures namely : Tincture Belladonna, Tincture Hyoseyamus, Tincture Ipecac, Tincture Opium, Tincture Stramonium, Tincture Camphorated Opium, and Tincture Iodine, would be more than adequate to meet the bona fide medicinal requirements ; other tinctures that are currently in use were considered superfluous.

It would be absolutely necessary to maintain a range of drugs such as Synthetic Penicillins (Ampicillin, Methicillin) Neomycin, Polymixin (in injectable form), Colimycin Injection and Erythromycin which should be used only in those cases where it has been proved by culture that the organism is resistant to the conventional antibiotics including the broad-spectrum ones.

A scheme for the distribution of such drugs to medical practitioners on production of a certificate to the effect that they are required for the treatment in resistant cases on the basis of culture examination should be devised by Government. Since there are more than 80 medical colleges, it would be helpful if stocks of such drugs are made available through the hospitals attached to these colleges. The import of such drugs should preferably be undertaken by Government.

A number of drugs such as 'Bemegride', 'Vasopressin in Oil', 'Trasyolol', 'Regitin', Heavy Metal Antidotes, 2-PAM, etc. one of a life-saving nature but are not available in the market. As most of them have limited life periods and as the demand for them is sporadic, firms are not inclined to import them regularly against their quota licences. In view of this, Government should make arrangements to import these drugs and devise a scheme of distribution whereby they could be made available to the hospitals and medical profession in the country.

The publication of a journal to educate medical practitioners, on the lines of the 'Prescriber's Journal' in U.K. was considered necessary. Since printing of this Journal though Government Press might take time, Government should obtain permission to print this Journal through a private printing press if Government Press is not in a position to print expeditiously. Every doctor should be able to get a copy of this Journal. Consideration should be given to the format of the journal, the types of articles which should be published in it, and the Editorial Boards which would look after the various categories of drugs.

Until such time as regular arrangements are made for the publication of the Prescriber's Journal, the assistance that certain Medical Journals are prepared to extend (such as the I.M.A. Journal and Madras Physicians Association Journal) should be availed of and specific articles on important subjects got written and published

through them for circulation among medical practitioners.

The role of anabolic agents in therapy, with their limitations, and side effects, should be published in the form of articles by experts for the guidance of the medical profession. The list of anabolics that are generally used and the cost of treatment with them should also be examined by experts. The articles should be given wide publicity in medical journals.

Considering the performance of oral contraceptives over long periods in other countries and also the high degree of their efficacy, the Committee recommends that oral contraceptives should be permitted to be used against doctors' prescriptions. Steps should be taken to see that such contraceptives are made in this country and supplied at reasonable prices to the people.

Efforts should be made to manufacture in the Public Sector Unit Drugs which are consumed in larger quantities.

In the list of Essential Drugs drawn up by the Committee there may be many drugs which may have to be imported or which would require imported ingredients as components. In such cases, the firms concerned in this country should be persuaded to manufacture those drugs within a stipulated period. If such firms are not willing to undertake their manufacture, efforts should be made to produce equivalent drugs which could be substituted for them.

In the case of those essential drugs which have to be imported, the foreign exchange implications, the position regarding their patents and data regarding cost of manufacture should be studied before any decision is taken for developing their manufacture. The medical profession should also be apprised of these aspects so that they could prescribe substitutes wherever necessary.

Considering the fact that the large scale use of potent drugs may give rise to toxic effects the Committee recommends that the facilities available in leading medical institutions in the country may be utilised to arrange for the monitoring of such adverse drug reactions. The Indian Medical Association and other professional associations may be apprised of such cases with their case histories so that they could be published in their journals.

A Standing Committee of the Essential Drugs Committee may be constituted for screening the literature and propaganda materials relating to drugs.

The Therapeutic Trials Committee for the approval of New Drugs and the Essential Drugs Committees may be amalgamated into one single Committee whose functions may be broad-based to cover the approval of New Drugs and the determination of their essentiality.

A separate call may be created for the revision of the Indian Pharmacopoeia and the National Formulary of India.

# COMMITTEE ON REVISION OF THE BASIS OF MAINTENANCE GRANTS TO NON-GOVERNMENT COLLEGES AFFILIATED TO DELHI UNIVERSITY, 1966—REPORT

New Delhi, University Grants Commission, 1967. 34p.

**Chairman :** Dr. A.C. Joshi.

**Members :** Shri Bharat Ram; Smt. Durgabai Deshmukh; Shri M.N. Srinivas; Shri S.C. Sircar; Shri P.D. Gupta; Shri R.S. Chitkara; Dr. (Miss) Kaumudi.

**Member-**

**Secretary :** Shri R. K. Chhabra.

## APPOINTMENT

The University Grants Commission appointed the Committee in April, 1966. To consider the basis of maintenance grants to non-government colleges affiliated to Delhi University.

## TERMS OF REFERENCE

The Terms of Reference of the Committee were as follows :

(i) To consider the proposal of Delhi University that the steady increase in expenditure of the colleges, the basis of payment of maintenance grant to non-government colleges affiliated to it may be revised; and

(ii) To consider and make it more liberal in view of the limited resources of the colleges.

## CONTENTS

Introduction; Appointment of the Committee; Brief History; Revision for Payment of Grants to Colleges; Expenditure of the Colleges; Recommendations; Appendix I; Annexure to Appendix I; Appendices II and III.

## RECOMMENDATIONS

(i) Assistance of the University Grants Commission may be raised to 95 per cent of the deficit, i.e., the difference between the approved expenditure and the approved income during a particular year. However, this assistance would be given to colleges which satisfy the normal requirements of the Delhi University and have the endowment funds specifically in their names. It was, however, noted that in the case of the colleges

started over a decade back, there was no condition for creation of endowment funds at the time of their creation. While these colleges may be encouraged to build the proposed endowment funds, the grants on the above basis may continue to be paid to them till they build-up the necessary endowment fund. It was, in this connection, observed that letters have already been exchanged between the trustees of these colleges and the University for creation of necessary endowment funds.

The assistance to the colleges for B. Sc. (General) teaching and 'extended colleges' would continue to be paid on the basis already agreed to by the University Grants Commission.

(ii) In view of the large number of periods including practicals provided for in the colleges, the teacher-pupil ratios for B. Sc. courses be revised from 1 : 20 to 1 : 15. The present ratio for other courses may continue.

(iii) Travelling allowance for teachers for approved conferences may be increased from Rs. 500 per annum to Rs. 1000 per annum.

(iv) Expenditure pertaining to "repair and replacement of furniture and equipment (including repair to water coolers, cycles, typewriters and duplicating, and garden equipment)" may be increased from Rs. 4,000 to Rs. 6,000 per annum.

(v) Bursar's allowance may be increased from Rs. 50 per month to Rs. 100 per month.

The Committee noted with regret that in some cases the colleges have utilised the contributory provident fund and the funds of the students' societies to meet their share of the deficit. The Committee strongly felt that this was highly irregular and that the colleges must not resort to this. Separate accounts should be maintained for these and sent along with the audited accounts to the University Grants Commission. Before forwarding the accounts of colleges to the University Grants Commission for sanctioning the final payment, the University may examine the position in regard to the creation of the required endowment funds

and make specific recommendations regarding release of funds by the University Grants Commission.

The Committee observed that hostels have been constructed by many colleges with the assistance from the Central Government/University Grants Commission and that the income and expenditure on these are not taken into account while determining the maintenance grants due to the colleges. The Committee is of the view that the present practice may continue.

The Committee noted that the University Grants Commission has decided that no building fee should be charged by the colleges. The Committee welcomes this decision and would further recommend that the colleges should submit every year a statement along with the audited accounts indicating the fees charged by the colleges and also such income except for hostels, Student's accounts should not be taken into account while determining the grants. The colleges, however, should be encouraged to raise donations from new alumni.

The Committee also considered the suggestion of the University for giving maintenance grants at higher rate to some colleges. It was felt that acceptance of this

suggestion would lead to discriminating against other colleges and also criticism. In view of this the Committee could not recommend the acceptance of this suggestion. The Committee was, however, in favour of the proposal of the University to take over a college after due inquiry for such period as the University might deem appropriate and that the management of the college could be handed over to any competent governing body if the University is satisfied that such a governing body would be in a position to manage the college efficiently.

The Committee noted that the tuition fees in the Delhi Colleges were fixed as far back as 1948, that they have not been revised since then; and that they are much lower than the fees charged by the colleges affiliated to some other Universities. Freeships offered by the Delhi University at 20 per cent for men and 25 per cent for women students is also more than that offered by any other university. Keeping these in view, the Committee feels that it is time to review the fees structure of the Delhi University. The position with regard to "other fees" charged also needs a review in order to achieve some uniformity.

## **SUB-COMMITTEE OF THE MENTAL HEALTH ADVISORY COMMITTEE—MENTAL HEALTH OF THE CIVILIAN POPULATION IN EMERGENCY, 1966—REPORT**

New Delhi, Directorate General of Health Services, Ministry of  
Health and Family, Planning, 1974. 196p+xviii.

**Members :** Dr. M.M.S. Siddhu; Lt. Col. S S. Syalee;  
Dr. Vidya Sagar; Dr. E.M. Hoch;  
Dr. R.V. Shirvaikar; Col. Kirpal Singh.

**Convenor-**

**Secretary :** Dr. J.S. Neki.

### **APPOINTMENT**

In pursuance of a Recommendation made in the second meeting of the Mental Health Advisory Committee held at Ranchi on the November 8, 1965 under the Chairmanship of the Union Minister for Health, the Government of India constituted a Sub-Committee to consider matters relating to Mental Health of the Civilian Population in Emergency, vide their Resolution No. 16-6'66-MPT(c) dated May 10, 1966.

### **TERMS OF REFERENCE**

"Mental health of the civilian population under extraordinary stress and may also include such topics as : First-aid in psychiatric emergencies, student indiscipline and group dynamics. The question of drawing up a syllabus for training and formulating instructions for dealing with critical situations, including first-aid in psychiatry, be also examined by the Sub-Committee."

### **CONTENTS**

Preface; Constitution and Terms of Reference of the Sub-Committee on "Mental Health of the Civilian Population in Emergency. Papers submitted by the Sub-Conveners Dealing with the Individual Topics;



Report and Recommendations of the Sub-Committee on "Mental Health of the Civilian Population in Emergency"; Deliberations of the Third Meeting of the Mental Health Advisory Committee Concerning the Work of the Sub-Committee.

## RECOMMENDATIONS

### General Recommendations

This Sub-Committee wishes to place on record its gratitude to the Ministry of Health and Directorate General of Health Services, Government of India, for having been given an opportunity of discussing important questions of national concern in the stimulating setting of a city which has set an admirable example of high morale and robust mental health during last year's armed conflict with Pakistan.

The Sub-Committee recommends to the Ministry of Health and Directorate General of Health Services, Government of India, to provide the financial means for publishing and distributing the rich material contributed by its members and co-opted either by sponsoring a separate publication or by assisting some journal (e.g. "Swasth Hind" of the CHEB or "Indian Journal of Psychiatry") in issuing a special number.

The chapters on special problems, such as "First-Aid in Emergency" and "Mental Hospital in the Zone of Action" should be distributed separately to general practitioners, first-aid societies, training schools for nurses and to Superintendents of mental hospitals and State Directorates of Health Services respectively.

Beyond this the Sub-Committee requests the Ministry of Health and Directorate General of Health Services, Government of India, quite generally to lend its influence and, as far as possible, also its financial assistance in promoting the publication of good literature on mental health problems, either by engaging in putting out a series of "Mental Health Papers" and pamphlets through its Central Health Education Bureau or by subsidizing the efforts which the Indian Psychiatric Society is willing to make in this respect.

Understanding of principles of mental health and appreciation for the existing and planned mental health services should also be awakened in the population through other media of mass communication, such as radio and films. The Ministry of Health is requested to approach the Ministry of Information and Broadcasting with proposals for inviting prominent psychiatrists in each region to deliver radio talks and to take part in "brain trust sessions" concerning subjects of mental health. The question of producing documentary films on problems of mental health and mental health services, either through the Ministry of Information and Broadcasting or possibly by accepting the interest

and help already offered by a drug company, may also be examined.

The aims of this publicity campaign should be :

(a) To provide an understanding of the concept of "healthy-mindedness" as it evolves through the various stages of life;

(b) To provide knowledge of dangerous signs that threaten mental health and human happiness;

(c) To develop a broad understanding of what can be done to prevent psychological liabilities from becoming serious impediments to health and in particular, to remove the existing stigma from mental illness and to stimulate greater readiness to seek early treatment for mental diseases and emotional problems;

(d) To bring about an appreciation of the stabilizing influence of family life, more particularly happy relationships during childhood;

(e) To develop a fuller recognition of the steady effect of satisfying work and economic security, bringing out particularly the threat to mental health that lies in neglecting the ethics of a job;

(f) To awake the physicians, the nurses, the social workers, teachers and other professional persons to their respective roles in the field of mental health;

(g) To delineate the direction of social change required for creating a healthier society, in bringing out relief and the next steps to be taken by citizens;

(h) To prepare the people for the exceptional and excessive demands that natural or social calamities may make on their endurance.

The Sub-Committee strongly endorses the recommendations of some other Sub-Committees of the Mental Health Advisory Committee and expresses its appreciation for the efforts already undertaken to implement them by the Ministry of Health and Directorate General of Health Services with regard to :

(a) Intensification of teaching and training in Psychiatry at Under-graduate and Post-graduate levels;

(b) Training of para-medical mental health workers;

(c) Organisation of orientation—and refresher—courses in mental health to general practitioners, nurses, social workers, police personnel and other professional groups;

(d) Mental health education of the general public;

(e) The policy of dispersal of mental health services, including the planned pattern for smaller mental hospitals and for setting up psychiatric units at district level;

(f) The creation of additional services for child guidance and student counselling.

### Recommendations Relating To First-Aid In Psychiatric Emergencies

The Sub-Committee recommends that the material



prepared by some of its members on the subject of First-Aid in Psychiatric Emergencies may be included in St. John's Ambulance Handbook for first-aid courses, in text-books for psychiatric nurses and instructions for psychiatric attendants, etc.

First-aid in psychiatric emergencies should be included in orientation courses in psychiatry for general practitioners, nurses, other professional groups and also in first-aid courses for civil defence personnel etc.

#### Recommendations Concerning Mental Hospitals In The Zone Of Action

The question of evacuation of mental hospital cannot be solved generally, but only with regard to each individual institution, taking into account all local factors. Plans for such eventualities should be made well ahead of any emergency.

In the event of general evacuation of an area, evacuation of the mental hospital, including early evacuation of the families of staff-members, should find its due place in the list of priorities to be established by the authorities in consultation with the mental hospital staff.

If evacuation is necessary, one should aim at making it a total one, it can be carried out in phases, and acute patients are to be given preference over chronic patients.

Evacuation should preferably take place to the nearest mental hospital or alternatively jail or if the mental hospital population can be split up into several groups with sufficient staff for each, rural dispensaries, school or college buildings or hotels in holiday resorts or other suitable buildings may be utilized for accommodating the patients.

Peace time planning of mental hospitals should keep in mind the need for avoiding dangerous locations near the border or near military objectives and for suitable dispersal of hospital buildings. The policy recommended by the Mental Health Advisory Committee and its various Sub Committees with regard to keeping mental hospitals at a moderate size (not more than 500 beds) and evenly distributed all over the States, is to be emphatically endorsed, also in view of possible needs for evacuation in times of emergency.

Where mental hospitals cannot be evacuated and where the buildings are exposed, the roofs are to be marked with distinctly visible Red Cross Signs.

Those patients who can appreciate the gravity of a war situation and whose relatives are willing to take them home, should be discharged. The Superintendent is to be given powers to effect such discharges immediately, without waiting for the consent of a Visitors' Board.

In order to promote the morale of the staff of

mental hospitals, adequate facilities should be provided to staff-member for sending their families away from the zone of action, if they so desire, where evacuation of the families of mental hospital staff cannot be included in the general programme for evacuation of the area, provision should be made for granting short periods of leave to staff members for making their own arrangements for evacuations of their families.

The staff members themselves should rest assured that equal opportunities for evacuation will also be given to all of them, if the need should arise. Meanwhile, they should be kept engaged in Civil Defence activities within the hospital area.

Care is to be taken to exempt mental hospitals from requisition by military authorities for other purposes. The population must rest assured that adequate facilities exist for the reception and treatment of psychiatric casualties and that no dangerous mental patients will be let loose.

Wherever staff members are recruited for Civil Defence, Home Guards etc., they should be assigned to the hospital area itself, which can form a self-contained Defence Ward.

Mental Hospitals, already in peace-time, should be encouraged or even ordered to keep, at any time, stocks of essential supplies, such as food-stuffs, linen, medical and surgical equipment, drugs, fuel etc., sufficient to last for at least 6 months. These stocks should be kept replenished continuously. Wherever a special investment has to be made to bring present routine stocks up to the proposed level of stock-piling for emergency; State Governments should provide the necessary funds.

Mental Hospitals should have some emergency equipment for surgical, first-aid, resuscitation etc., so that in emergencies at least one wing can function as a first-aid unit.

During an emergency, the Medical Superintendent of a Mental Hospital should be given powers :

(a) To incur extra expenditure for the purchase of supplies up to a fixed ceiling and, beyond that, in consultation with the District Authorities;

(b) To grant short leave to the staff at his discretion;

(c) To recruit on an emergency basis all categories of staff to replace casualties or those drafted for defence services;

(d) To admit new patients and discharge old ones without waiting for completion of the regular formalities.

In particular, Mental Hospital Superintendents should also be given powers to admit, with a minimum of formalities, ex-servicemen who have been discharged from service because of mental disability and who have either been serving in the region of the mental hospital

or whose domicile is situated there. Their relatives should be given all possible assistance in securing admission.

Care is to be taken to establish and keep up close liaison between the Mental Hospital Superintendent and the District Authorities. They should consult each other with regard to such matters as priorities for evacuation, establishment of mental health first-aid posts, cooperation in promoting high morale and mental health of the civilian population, dealing with problems of refugees etc.

Out-patient services should run a 24 hours emergency service and should be provided with a vehicle and mobile team which can attend to emergencies on call.

Any special powers and orders mentioned in these recommendations should be explicitly laid down in the "emergency codes" or similar legislation of individual States.

State Governments should make adequate financial provisions with regard to any expenditure arising from the carrying out of the planned emergency measures.

#### **Recommendations Relating To Breakdown In The Zone Of Action**

Considering that an important percentage of psychiatric breakdowns in the Zone of action is at least partly due to armed personnel's worries about domestic problems, utmost concern should be directed towards assuring the members of Armed Forces that their families are being adequately taken care of by the civilian authorities. Their problems should be sympathetically attended to so that they may engage themselves in their work free from domestic worries.

The need for keeping up communication with the rest of the world, which is intensely felt by armed personnel in isolated positions, should be taken care of by providing transistor sets, fast delivery of private mail and other means of communications.

Members of Armed Forces should be given suitable instructions about the nature of fear and various physical reactions accompanying it and should be taught not to be ashamed of experiencing such feelings. Suitable motivations for strengthening fighting spirit and battle morale should be found, according to the traditions and interests of various ethnic and social groups.

The admission to civilian mental hospitals of soldiers invalidated because of psychiatric disabilities is to be facilitated.

Selection procedures for Armed Personnel, down to the recruiting of the common soldier, should keep due account of mental fitness and seek to eliminate all candidates who may not be suited, through their constitution or upbringing, to face emotional stress.

Armed Forces Personnel should be duly instructed about methods and dangers of "brain-washing" to which they may possibly be exposed on falling into the hands of the enemy as prisoners.

#### **The Problem Of Refugees**

When planning to receive refugees, the authorities might seek the help of psychiatrists, who can interpret to them the needs and problems of the refugees and help in promoting mental health amongst them.

There should be a proper planning for reception, administration and rehabilitation of refugees.

Information with regard to all services for refugees should be disseminated by all possible means. An Information or Public Relations Officer should be attached to each camp. He should be readily accessible and distribute information freely to all inmates of the camp. He should also serve as a liaison officer between the refugees, the Government authorities and the local population. Information about rules and available services, like schools, medical facilities, places for religious worship, news etc., should be made known to all inmates.

There should be, in each camp or group of camps, an efficient medical-aid post or a dispensary. Medical Officers must visit the camps regularly and keep up liaison with hospitals and health authorities. They may also establish liaison with a Psychiatrist in the neighbourhood, who should visit the camp periodically, as and when called for. Alternatively, a Psychiatrist may be specially attached to a group of camps. Psychiatrically, trained social workers should be allotted to each camp.

As far as possible, families should be allowed to remain together, and some means of privacy should be provided for them. Families and individuals from the same region and of the same ethnic group should be kept together in one block as far as possible.

Instead of weekly or monthly allowances, relief should be paid in lump sum. Emphasis should be laid on rehabilitation by way of employment at the earliest possible moment.

Adequate facilities for education of the children and for recreation for all refugees should be made available.

Rehabilitation and resettlement programmes should be planned as early as possible and communicated to the refugees, so as to give them as much certainty as possible about their future.

#### **Recommendations Concerning Mental Health And Morale Of The Civilian Population In Emergency**

The Sub-Committee recommends that the valuable material which the recent armed conflicts have provided

with regard to morale and mental health of the population during emergencies, should be utilized to the utmost, already during periods free from disturbances, for observation, assessment and anticipation of problems that can be expected during renewed emergencies.

During peace time, all possible efforts should be made to create a climate of mutual trust and faith between the various communities and political parties and to promote unity amongst the population in general.

A spirit of public confidence and preparedness is to be fostered, so that people may feel that the country can rely on adequate resources, both with regard to Armed Forces and provisions for the needs of civilians. Already in peace time, every citizen should have some idea about what will be expected of him in times of emergency with regard to air raid precautions, black-out, fire-fighting, first-aid outfit, storage of water and foodstuffs, etc. Voluntary activities for emergency situations should be planned and organised ahead of any emergency by Citizens' Councils and other similar organisations.

Suitable divisions of cities into Defence Wards and registration of volunteers according to their special abilities and interests, collection of data about inhabitants that can facilitate rescuing activities etc., should be undertaken by the local authorities already in undisturbed times.

The population in the border areas should be trained in suitable methods of defence and in recognition of enemy moves.

Special incentives may be offered to those who continue or newly undertake to settle in border areas for agriculture, industry, commerce, etc.

The degree of solidarity and identification between the civilian population and Armed Forces should be strengthened by schemes for "adoption" of a soldier by families or by children in school classes. Organisations linking "Army and Home" may suitably stimulate and channelize the civilian efforts in this respect.

Various methods for collecting and utilising waste materials and for otherwise economizing on the country's resources, e.g., by introducing changes in food habits, should be propagated.

The civilian population should be instructed with regard to the significance of various unaccustomed noises, such as the sound of various aircrafts, missiles, alarm signals. The use of alarm signals should be strictly limited to actual emergency situations or, for practising purposes, to exercise that have been previously announced by due publicity. The use of all signals resembling the official alarm signals, for trivial purposes, is to be strictly forbidden.

Education of the population with regard to public

affairs, national aims and policies and India's role within the international world is to be promoted by all suitable means.

### Recommendations Concerning The Problem Of Aggression And Discipline

Parents, teachers and all those who are dealing with the upbringing of children, should be instructed in principles of mental hygiene and in particular about their children's need for firm and consistent discipline and for opportunities to grow in inner control by facing adequately dosed frustration and resistance already at a young age. Teachers, in particular, should get orientation courses in mental health during their training period.

Sufficient counselling facilities and child guidance clinics are to be set up to give advice and help to children and adolescents and their parents and guardians. Methods for psychoanalytically-oriented abreaction of aggression and at the same time for gaining insight into one's own instinctual and psychological needs, are to be developed and propagated.

All too one-sided intellectual education is to be abandoned in favour of a more broad-based curriculum which makes children face a variety of challenges and which allows even the highly gifted students to find at least some field in which success does not come too easily. In particular, compulsory physical training, sports, games and handicrafts are to be added to the school programmes. Such activities are to be continued up to college level. Passive forms of recreation such as cinema going, reading of comics and other highly exciting literature, are to be reduced in favour of more active pursuits.

The Sub Committee wishes to recommend the introduction of a compulsory period of national service, either in the Armed Forces, in agriculture, in industry or in some social activity, for all young people of both the sexes. On termination of this period of service, a suitable "passing out ceremony" may be organised, which is apt to impress on the young people their responsibility as adult citizens and to make them pledge their allegiance and loyalty to the country and its Constitution.

Wherever possible, school and college classes should be reduced to a size which allows friendly relations or at least close acquaintance between all its members. At the same time, contact between teachers and their students is to be intensified by all possible means.

Where rapid urbanisation and industrialisation have torn people loose from their traditional moorings in joint family, village community, recognised values and building rituals, increased efforts are to be made at avoiding anonymousness and at reconstituting on a

new level small groups of people who are tied together by personal regard, by common needs, interests and aims. This can be attempted by forming neighbourhood clubs, recreational centres and other opportunities for group activities. Increased social welfare and adult education activities are also to be provided in such areas.

#### **Recommendations Concerning Research On Topics Dealt With By The Sub-Committee**

During the course of discussions on the various topics to be dealt with by the Sub-Committee, certain problems stood out as calling for research. The Sub-Committee, therefore, recommends that relevant research organisations, such as the Indian Council of Medical Research, the Psychological Foundation, the Indian Council of Educational Research, the Association for Morale and Social Hygiene etc., be induced to take up research on the following topics :

**Short-term and long-term effects on mental Health of Displacement of Population (Refugees Migrants etc., :**  
The effect of war and post-war social upheavals on family dynamics, in particular :

(a) The need for mothers to take over the role of head-of-the-family during prolonged absence or after death of the father, and its effects on the children;

(b) The effect of prolonged absence or death of husbands in war on wives;

(c) The effect of separation of children from their parents due to evacuation etc.

The effect of changes in values that come about through wars and their aftermath, e.g., those concerning sex morals and change in attitudes with regard to illegitimate motherhood.

**The Dynamics of Communal and Linguistic Tensions and their effect on National Morale :** Factors conducive to high national discipline and morale. Experiences and observations gathered in foreign countries with regard to morale and mental health of the civilian population during war-time, should be collected and thoroughly studied. In particular, it would be worthwhile directing some attention to experiences made in Russia during the Second World War, where the incidence of Psychiatric breakdown is said to have been particularly low.

**The Role of a Aggression and Effective Harmless Methods for its being Re-directed into Socially Acceptable Activities :** In particular, the effects of industrialisation and urbanisation and the social anonymity and isolation resulting from it, on the pattern of aggressive behaviour in cities, should be investigated.

The possibility of developing non-violent methods of defence should be investigated and further research, devoted to Gandhian principles and practices and to their applicability to situations of national and international conflict, should be made.

Research on methods of brain-washing and indoctrination in general and on the development of effective resistance against such methods is to be undertaken.

## **ADMINISTRATIVE REFORMS COMMISSION, STUDY TEAM ON ECONOMIC ADMINISTRATION, 1966—REPORT**

Delhi, Manager of Publications, 1967. 540p.

**Chairman :** Shri C. H. Bhabha.

**Members :** Shri Sham Lal Saraf; Shri H. C. Heda;  
Shri D. P. Goenka; Shri P. D. Kasbekar;  
Shri Ajit Mozoomdar; Shri Bharat Ram;  
Shri V. K. Ramaswami.

**Secretary :** Shri K. M. Mirani.

#### **APPOINTMENT**

The Study Team on Economic Administration was constituted by the Administrative Reforms Commission on May 13, 1966.

#### **TERMS OF REFERENCE**

The Team was required to ascertain facts, locate the principal problem areas, examine the problems and to make recommendations. There were no specific terms of reference to the Study Team. The Resolution of the Administrative Reform Commission mentions the field of Economic administration and illustratively enumerates some specific problems which the Commission was expected to investigate. These were the followings :

(i) Economic coordination and the role of the

Department of Economic Affairs and Coordination, the Planning Commission and the Department of Industry in that respect;

(ii) Administration of foreign exchange;

(iii) Export Promotion, the mechanism of import control and administration for trade and commerce generally;

(iv) Review of the mechanism and procedures of economic controls;

(v) The role of the Ministry of Industry and Supply, vis-a-vis, other ministries handling specific industries; and

(vi) Organisation for promoting industries in the private sector.

## CONTENTS

Introduction; Strategy of Industrial Development—Control over Investment; Capital Issues Control; Foreign Collaboration; Price and Distribution Control; Import Control; Coordination in the Industrial Sectors; Export Promotion—Strategy and Institutional Framework; Financing Institutions; Monetary Policy and the Reserve Bank of India; Exchange Control; Economic Policy-Formulation and Implementation; Management of Foreign Exchange; The role of the State Trading Corporation; Methodology; Summary of Findings and Recommendations; Annexures from I to XII; Appendices from I to VI.

## RECOMMENDATIONS

### Introduction

The State plays a significant role in all modern economies. Its role is also greater in a country having a programme of planned economic growth.

With specific targets laid down in the Plan for the various sectors of economy, total reliance on market mechanism is impracticable. The reliance on some physical controls seems indispensable.

Controls can be effectively and fruitfully employed to achieve those aims which are precise, detailed and qualified. They are vitiated when more is controlled than is planned.

Administrative interference can be meaningful only if it is guided by clearly defined aims and specific criteria. There is a permanent need for increasing specificity in administrative processes.

Administrative decisions should be based on pre-determined criteria which should be formulated on objective considerations and published for general information. We would like to see the emergence of what could be called a "Red Book" regime.

It is imperative that a built-in system of review should be devised to ensure that the Government

agencies incharge of various controls are responsive to altered conditions and the administrative machinery possesses the resilience for making quick adjustments to suit the changed circumstances.

### Strategy Of Industrial Development—Control Over Investment

Government intervention should be restricted to the structural framework of the economy rather than to processes within this framework. Only strategic decisions should be taken by the Government leaving the tactical ones to the entrepreneurs.

The progressive exemption given to a number of industries from the licensing provision of the Act does not serve much purpose. It only postpones the Government scrutiny from the licensing stage to the subsequent stage of registration.

There is no machinery for undertaking a constant review of the development of the various industries which could suggest not merely the revision of targets but could also make suggestions to the Government for devising suitable measures to encourage the flow of investment in particular directions.

There is no predetermined policy guiding the decisions of the Licensing Committee and consequently a large number of decisions are taken on an ad-hoc basis.

Licensing under the Act might have been effective in serving the negative purpose of preventing the establishment of industrial capacity not provided for in the Plan but it has not been effective in securing an adequate volume of investment in priority industries.

The objective of avoiding the concentration of economic powers cannot be served by the industrial licensing procedure.

The objective of securing a regional dispersal of industries can be more effectively implemented by providing positive inducements and facilities in the under-developed regions.

The promotion of small scale sector by utilising the licensing provisions of the Act has a very limited scope. We recommend that a list of industries specifically earmarked for small scale sector should be worked out.

Licensing system which unavoidably lays emphasis on the targetted capacity and the capacity already licensed has resulted in the capacity being booked by a few powerful groups, thus obstructing the entry of new entrepreneurs.

We conclude that the licensing system has not led to the achievement of social and economic objectives for which it was designed. We, therefore, recommend that the present licensing system should be given up.

We do not think that by raising exemption limits upwards from the present level of Rs. 25 lakhs will serve any useful purpose.

The main fault of the licensing procedure is that it absolves the entrepreneur from making his own investment decisions.

The fiscal and the credit policy of the Government should be tailored to further the industrial policy and a liberal use should be made of the several provisions in the Income Tax Law which enable the Government to accord selective and preferential treatment in the matter of taxation to those industries which are considered essential and of high priority.

The Government should give up detailed administrative allocations in favour of a few generalised instruments provided by tariff, fiscal and credit policies. It is fatal to depend entirely on administrative decisions which are often amateurish and sometimes positively harmful.

For avoiding the concentration of economic powers, the Government may consider using some provisions of the Company Law, specially those relating to inter-corporate investments. The entry of the public sector in strategic and capital-intensive industries can also act as a restraint. The fiscal policy of the Government could be oriented to avoid the emergence of the phenomenon.

The Government should work out in advance the blue-print of strategy of industrial development. This should enumerate in detail the policy proposed to be followed in the allotment of foreign exchange for the import of capital goods, the policy in respect of provision of imported and indigenous current inputs, the policy proposed to be followed by the financing institutions, the policy regarding the phased manufacturing programme, and the guidelines on which the foreign collaborations will be permitted. The pre-determination of policy relating to the matters enumerated above should guide the investment decisions of the entrepreneur.

#### Capital Issue Control

The Controller of Capital Issues has certain well-established criteria which he applies while dealing with applications and many of these criteria have now been reduced to precise mathematical formulae.

This control is an example of the Administration's reluctance to give up the control even when its usefulness has come to an end. Taking all factors into consideration, we recommend that the Capital Issues Control in its present form should be given up.

The Controller of Capital Issues should lay down the broad conditions which the companies intending to issue capital must follow. The Registrar of Companies should be entrusted with the task of watching due compliance of these instructions.

Only companies who cannot conform to these condi-

tions should be asked to seek prior approval from the Controller of Capital Issues.

The entire organisation of the Controller of Capital Issues could be dispensed with and his residual functions entrusted to the Registrar of Companies.

The Department of Company Law Administration should be located in the Ministry of Finance.

#### Foreign Collaboration

Royalty which is a return on the technology imparted by the collaborator should be valued independently without relating it to the share of foreigner in the equity investment.

The services of the foreign collaborator by way of know-how, drawings, designs, etc., should be more reasonably related to either the entire capital cost of the project or the entire value of the capital equipment whether imported or indigenous.

The administrative ministries should be given powers to approve royalties and know-how fees without any maximum limits, subject to the advice of the Technical Experts.

The Foreign Agreements Committee in future should require the concerned administrative ministries to state the exception features of the case which necessitate a reference to the Committee instead of its disposal by the ministry itself.

Royalty should be invariably expressed in the standard form of a percentage of the net ex-works value of production.

A company seeking to remit any amount as royalty should be required to produce to the Reserve Bank of India a statement certified by the company's external auditors as to the total value of the production, its ex-factory price, the imported component and the manner of computing the amount of royalty.

A firm asking for extension of a subsisting Collaboration Agreement must be invariably asked to produce the figures relating to the total payments already made under the agreement so as to enable the Government to have a clear idea as to the total cost incurred by the country on the import of technology.

The Government should review the approvals given in the last few years in which expert stipulations have been made and assess whether the parties have really lived up to their undertakings. The judgement on the advisability of permitting private foreign investment in a particular industry should be based on an objective assessment of the export potential of a particular product rather than the undertakings given by the investors.

There is no need to have the Foreign Investment Committee when two high-level Committees, namely, the Economic Committee of Secretaries and the Negotiating Committee of the Secretaries can handle all

major questions of general applicability.

While it is important to develop indigenous know-how, the CSIR should not insist on the utilization of any process perfected by them till they have used the know-how up to the stage of a pilot-plant.

The Government should lay down specific fields of industries where foreign investment is welcome. This policy formulation could well take the shape of an authoritative statement by way of a Foreign Private Investment Policy Resolution.

The DGTD should start a systematic study of the past collaboration agreements and assess the progress of the technology in the country so as to evolve a meaningful policy regarding the treatment to be given to the foreign investors in specified industries. Based on this evaluation, some standard acceptable terms of financial and technical collaborations should be worked out. Starting with a few important industries the process could be progressively refined to look after the specialized features of individual industries.

#### Price And Distribution Control

Fixation of prices by administrative orders prevents adjustment in the pattern of production unless the price takes full account of the relative costs of production.

For important strategic commodities, like steel and cement, the best course would be to pre-empt a portion of the production for priority sectors at a price stipulated by the Government and to have the rest for distribution by the industry itself. The Government should not undertake a detailed apportionment to innumerable consumers.

The Department of Economic Affairs should provide the secretariat for the Committee on Prices.

The present arrangement of using the Cost Accounts Organisation of Finance Ministry and an ad-hoc fixation of prices should be given up. The machinery of the Tariff Commission should be invariably utilised.

For the industrial commodities which are manufactured in an organized sector, price and distribution controls should be operated through the manufacturers' organizations themselves, the State taking on itself merely overseeing responsibility.

#### Import Control

The present system relating to maintenance imports is based largely on "historical" shares and the "registered" capacity of the individual units.

The DGTD should periodically work out for each important industry the utilization of the installed capacity so that the allocation of current inputs could be considered alongwith this data to ensure their optimum utilization. Allocation of the scarce resources should be on a more selective basis.

The Government policy regarding the maintenance imports to be allowed to different industries should be periodically published on the lines of "Red Book".

Physical control on imports is unavoidable in the present circumstances.

The procedure relating to the clearance from indigenous angle is providing indiscriminate protection. It acts as an enforced market sharing. It shelters inefficient firms and limits the rewards for efficiency.

In future a greater reliance should be placed on protection provided by tariff rates which should be adjusted to provide protection for a definite period only.

Having fixed the quantum of imports permissible to industrial units, there should be a certain amount of manoeuvrability to the importer who should be able to order for raw materials and components taking into consideration not only their availability within the country but also the price and the time schedule of deliveries.

The policy and the procedure for the allotment of foreign exchange to the industries and the principles to be followed in the unit-wise allocation to individual firm should be periodically discussed with non-official organisations.

The suggestions that the allotment of permits and licences should be entrusted to an Autonomous Board is not practicable.

A Board of Referees should be constituted where parties aggrieved by orders under Import Control could come up for review.

The present practice of asking for Income tax clearance from import licensees should be given up.

#### Coordination In The Industrial Sector

Though the private sector is expected to play an important role in the industrial development of the country, there is no active collaboration by this sector in the matter of industrial planning allocation of foreign exchange and evaluation of the progress achieved by the private sector industries.

We welcome the shifting of the DGTD's Organisation to the Ministry of Labour.

The Ministry of Labour should be recognised and should be entrusted with the following tasks :

(a) Industrial Policy—balance between the public and the private sector—requirements of large, medium and small scale sectors—regional dispersal of industries—Administration of Industries (Development & Regulation) Act;

(b) Industrial planning ;

(c) Overall aspects of public sector undertakings—the Bureau of Public Enterprises ;

(d) Technical development—Organization of the DGTD;



(e) Co-ordination in industrial training; manpower planning;

(f) Servicing the Cabinet Committee on Industries; and

(g) Small Scale Industries.

It would not be appropriate to give to the Ministry of Industry the administrative charge of the various financing institutions.

We consider that the transfer of the Department of Company Law Administration to the Ministry of Industry is erroneous. The Company Law Administration and the Capital-Issues Control should be located in the Ministry of Finance.

We are opposed to the suggestion that the developmental functions of the DGTD should be separated from their regulatory functions and the organization split up into two parts.

Some technical expertise ought to be introduced in the personnel meaning the posts in the Ministries in-charge of industries.

A comprehensive Data Bank on modern methods, preferably computerized, should be created in the organization of the DGTD.

The Central Advisory Council for Industries should be closely associated in the formulation of policies which Government proposes to follow for allocating various resources to industry.

Representative bodies like the Federation of Indian Chambers of Commerce and Industry and the Associated Chambers of Commerce and Industry should be closely associated in the deliberations of the Government.

Development Councils should have a liberal representation from the managerial class along with technologists.

It will be desirable for these Councils to have a small permanent secretariat of their own manned by persons from industry itself.

#### **Export Promotion—Strategy And Institutional Framework**

In the matter of drawback of excise and customs duties, there need be no attempt to meticulously correlate the rate of drawback with the actual value of the dutiable raw materials contained in a particular export commodity. The incidence of duty on more and more commodities should be worked out on a representative basis.

For a few selected important export items, the Government of India should seek to bring about uniformity in the rate of Sales Tax in the State Governments concerned and provide an ad-hoc relief by way of drawback.

No elaborate machinery for the grant of this relief

need be created. The authority at present dealing with the drawback of customs and excise duties should be entrusted with the grant of the relief as well.

Export duties which were imposed in the wake of devaluation had the main objective of sustaining the unit-value of important export items. The Ministry of Commerce should be the final judge as to the exact rate to be charged from time to time. In case of difference of opinion between the Ministry of Commerce and the Ministry of Finance the view-point of the former should prevail.

For each important agricultural commodity entering into export, a planned operation should be worked out specifying the inputs required, the period of waiting and the output expected as a direct result of the additional investment.

In order to arrive at the correct import content of the various export commodities and to remove any misgivings from the minds of the exporters these percentages should be reviewed every year in a forum consisting of the Technical Advisers of the Government, the Export Promotion Councils and the representatives of the Development Councils.

Jigs and tools imported out of the replenishment licences ought to be cleared from essentiality angle and should be exempted from indigenous angle.

Stock piling operations of the STC should, in due course extend to critical indigenous raw materials along with imported materials because this will ensure a speedy supply of materials to the exporters.

The facility for advance import licences and for advance allotment of indigenous raw materials should be extended liberally.

There should be a change in the current concept of indigenous availability for export industries. Critical and easily identifiable raw materials and intermediates may be allowed to be imported by exporters even if they are indigenously available provided that this results in the reduction of the cost of production by a suitable percentage specified by Government.

The system of cash assistance based on the indigenous content in a commodity should be supported by exhaustive data.

Indian investors abroad should be allowed a limited amount of cash investment also.

The country's resources should be committed to export-oriented industries on the basis of an objective assessment of the export potential of a particular product and the present device of Performance Bonds and Bank Guarantees should be given up.

The Indian Institute of Foreign Trade, as a specialized body, possessing the latest techniques, should be the agency which could assist various Export Promotion Councils in designing the market surveys.



The Directorate of Statistics in the Ministry of Commerce should undertake to create a Data Bank providing the relevant information to Indian exporters.

The Export Promotion Councils should be constantly engaged in identifying specific handicaps experienced by Indian exports and locating specific remedies to remove the bottlenecks.

The recognition of Export Houses need not be with reference to any specific commodity to begin with. This exercise can be undertaken after some years when they have attained some specialization.

Export Promotion Councils should work out a Code of trading practices between manufacturers and exporters.

While constituting the various Commodity Boards, the Government should accept the nominations made by the Trade Associations so as to create a sense of involvement and participation in these organisations.

Foreign exchange allotments may be placed at the disposal of the Commodity Boards at the beginning of the year and they should be given complete freedom to organize their publicity and promotional activities.

Special care is needed in filling the posts of the Chairman of the various Commodity Boards and only persons having intimate knowledge of the industry should be selected for the purpose. The choice need not be restricted to officials only.

To bring about co-ordination between the Government of India's policies and State Government's policies in respect of plantation of crops, a Co-ordination Committee should be situated at Ministerial level.

For managing the offices of these Boards abroad, persons having experience of the industry rather than civil servants should be posted.

The ECGC should continuously review the terms and conditions of various schemes in India as well as abroad and evolve new schemes when circumstances so necessitate.

The ECGC owing to a small capital and reserves is unwilling to take risks. The Government should come forward to underwrite some business in order to diversify exports and locate new markets.

In order to encourage the banks to grant increased credit against the assignment of policies, the ECGC should revise the terms and conditions of the policies, in respect of the loss covered in order to bring it on par with the practice followed in other countries.

The ECGC should work out a schedule of its premium rates giving preferential treatment to specific markets and specified commodities in line with the export strategy of the Government from time to time.

For comparatively small credit limits, the ECGC should dispense with detailed investigations about the credit-worthiness of the foreign buyers.

There should be a time limit of days sixty within the proposed credit limit and which should either be accepted or rejected by the ECGC.

The ECGC should be required to pay interest on the claim money if the period between the filing of the claim and the final settlement exceeds six months.

The ECGC should agree to carry out recovery proceedings if the policy-holder makes such a request.

The Reserve Bank of India should give a general permission to ECGC to file cases without specific prior permission in individual cases. They should also be given a blanket foreign exchange permit for this purpose.

Branch Officers of the Corporation should enjoy more powers in matters like issue of the policies.

The practicability of appointing the commercial banks as the Corporation's brokers should be examined.

The ECGC can improve its resources position by investing in fixed deposits instead of Government securities.

The function relating to the participation in trade fairs abroad should be transferred to the Indian Council of Trade Fair and Exhibitions (ICTFE).

The present system of grants-in-aid may continue for a few years and the Councils should be required to raise a matching grant. Ultimately, the objective should be to make the Council self-supporting.

The Council need not to approach the Department of Economic Affairs for the release of foreign exchange in each and every case.

The requirement of the deputation of staff abroad should be worked out in terms of man-days and cleared in the beginning of the year leaving the discretion to the Council to select the time, the number of people and the period of deputation.

The Council should be empowered to recommend to the Reserve Bank of India, the release of foreign exchange to those who are participating in trade fairs abroad.

The Export Promotion Councils should be asked to utilise the agency of the ICTFE for their publicity abroad.

### Financing Institutions

The IDBI should assume the role of an Apex Development Bank coordinating the activities of the various financing institutions, both in the large and small sectors. It should restrict its direct financing to a few very large projects leaving the financing of industrial projects primarily to IFC, ICICI and the State Financing Corporations.

The Government should give specific written directives to the IDBI enumerating the priority industries

which should receive the utmost attention from this premier financing institution.

The direction of institutional finance should be utilized by the Government as an effective tool in the strategy of industrial development.

The IDBI, in consultation with other institutions, should specify the role of the various institutions either by the size of the projects, or the type of assistance needed, or the foreign exchange requirements, or the regional location etc., so that projects do not have to approach a number of financing institutions at the same time.

In the long run, specialized institutions, like the IDBI, Agricultural Refinance Corporation, Unit Trust of India and the Deposit Insurance Corporation, should build-up their own managerial and technical competence. It will then be worthwhile to separate them from RBI altogether.

Multiplicity of financing institutions should be avoided and the special requirements of industries should be achieved by earmarking of funds available with the IFC and the IDBI.

The proper role for the institutions, like the State Industrial Development Corporations, should be promotional and they need not undertake financing activities.

The State Governments should conduct techno economic surveys of the various regions and determine their special industrial potential. In the light of these surveys, they should give specific written instructions to these Corporations to exploit their resources fully.

To the extent practicable, SFCs should develop business by way of subscription to debentures, issuing of guarantees and under-writing of shares.

Apart from the financial help by way of providing machinery on hire-purchase system and organizing, the supply of imported and indigenous raw materials, the specialized institutions looking after the small scale sector should not undertake financing activities.

To provide adequate finance to small scale sector some funds of the SFCs should be earmarked for small scale units.

The SFCs need not be asked to go to the market to raise their resources. The State Governments ought to include the probable requirements of these Corporations while drawing up their own annual borrowing programmes.

We endorse the recommendations of the Working Group setup by the Reserve Bank of India for examining the functioning of the SFCs, namely, that the Government should write off their subvention liabilities.

Special legislation should be passed to make the dues of the SFCs recoverable as arrears of land revenue.

For loans under Rs. 1 lakh, the SFCs should be appointed as agents of the State Governments.

The dependence of the SFCs on the services of Directorates of Industries should be minimised.

The stamp duty on legal mortgages created by financing institutions should be levied at one place and subsequent transactions seeking to convert the term debts into short-term debts should be exempted from the stamp duty.

### Monetary Policy And The Reserve Bank Of India

The monetary policy of the Reserve Bank cannot be envisaged as a forum of economic strategy which pursues its own independent objectives. It is a part of the country's economic policy as a whole and must be viewed as such.

The Reserve Bank should be looked upon as an independent entity capable of giving expert advice, views and proposals. The role of the Reserve Bank would be that of a highly skilled executant in the monetary field of the Government's economic policies.

In order to assist the Bank in the formulation of the credit policy and laying down the guidelines for regulating banking policy and practice a National Credit Council should be established.

The National Credit Council of India should be purely an advisory body where the Government, the Reserve Bank of India and the representatives from commerce, industry, labour and banking institutions could deliberate and evolve suitable credit policies from time to time.

In order to ensure some degree of independence in the advice flowing from the Reserve Bank of India, the office of the Governor of the Reserve Bank need not be exclusively earmarked for civil servants.

The Governor of the Reserve Bank should enjoy the same status as the Comptroller and Auditor General of India. He should be removable only by the approval of the Parliament.

### Exchange Control

While dealing with applications for business trips abroad, the Reserve Bank should not delay matters by checking in every case whether the past export proceeds have been repatriated.

A businessman belonging to a firm which is enrolled as a member of the Export Promotion Council or registered with them should not be bothered with the burden of proving his financial standing every time he travels abroad.

In case on deputation abroad of the personnel belonging to the Export-oriented Public Sector Projects, prior approval of the administrative ministry need not be insisted upon.

Rules regulating the release of foreign exchange for studies abroad should not be altered frequently and should remain in force at least for a period of five years.

In order to remove uncertainty and to achieve a sort of semi-permanence, regulations governing the release of foreign exchange for various invisible items should be published in the shape of "Red Book on invisibles".

The amount of foreign exchange spent on various uses and, whenever practicable, the number of applications of the various types should be published for common knowledge in every six months.

The restriction on travel abroad has failed to serve its purpose and should be given up. A system of a basic travel quota should be reinstituted.

#### **Economic Policy—Formulation And Implementation**

The Chief Economic Adviser to the Government should be placed in the Cabinet Secretariat and should head the specialized Cell dealing with economic matters.

The Chief Economic Adviser should be a member of the Committee of Economic Secretaries.

The Chief Economic Adviser of the Government should be formally the head of all Economic Divisions in the various ministries. He should be competent to call for any papers from the Economic Advisers to ensure that full economic implications of the proposals are being taken into account.

The Department of Economic Affairs should be squarely responsible for the economic coordination instead of getting submerged in the many detailed and inconsequential functions. The serious inroads made in its legitimate sphere by the Planning Commission and the Deptt. of Coordination must be remedied.

The Ministry of External Affairs should be primarily responsible for coordinating the various technical assistance programmes.

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The Economic Adviser in the Ministry of Industry should not be bothered with the routine and administrative tasks imposed upon him in his capacity as Secretary, Committee.

Professionally competent economists who are the members of the Indian Economic Service should not be burdened with administrative jobs.

Ministries dealing with industry should be strengthened by the introduction of Technical Experts at middle-management level.

These Technical Experts could well be drawn from Public Sector Undertakings.

Special Officers to look after the problems concerning

specific major industries should be appointed. They should be technical persons and not from administrative service. There need be no formal Central Economic Pool.

#### **Management Of Foreign Exchange**

The foreign exchange estimates should be undertaken simultaneously along with the annual development programmes and the foreign exchange budget should be finalized at the same time as the country's fiscal budget.

As a matter of general applicability, the allocation of foreign exchange for maintenance requirements of industrial units should be done on an annual basis even if it is to be at a lower level so as to take care of any unforeseen contingency.

The system of data collection in the Reserve Bank should be improved so as to provide a more reliable basis for estimating the availability of foreign exchange.

In the allotment of foreign exchange for maintenance requirements there should be a unit-to-unit parity between the public and the private sectors.

The Economic Adviser of the Ministry of Industry should divest himself of the routine and administrative duties in his capacity as the Secretary of the Central Government Committee.

Before giving CG approval, the stage of preparedness of the industrial unit should be thoroughly examined.

The DGTD should determine in advance the types of equipment and the type of industry which could be financed from a particular source to the country's maximum advantage.

The practice for allocating a fixed amount of foreign exchange for standard size plants in various industries should be extended to more and more industries.

The Financial Advisers should provide appropriate leadership so as to accelerate the rate of utilization of foreign exchange by Public Sector Projects.

A small amount of free foreign exchange should be allocated for the import of capital goods.

The machinery for the follow-up action on cases cleared by the Central Government Committee should be created in the office of the Secretary of the Committee himself.

#### **The Role Of The State Trading Corporation**

Though the Corporation came into existence primarily for the proper execution of bilateral trade agreements, it has come to be utilised as an additional weapon in the armoury of the State to give effect for its economic policies. The STC has been now entrusted with numerous tasks, like arranging import of bulk commodities, import of speculative items, undertaking buffer stock operations as a price support measure, exploring new export markets etc. It has been treated as a universal

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by appropriate fiscal and other measures. The State will continue to foster institutions to provide financial aid to these industries, and special assistance will be given to the enterprises organised on co-operative lines for industrial and agricultural purposes. In suitable cases, the State may also grant financial assistance to the private sector. Such assistance, especially when the amount involved is substantial, will preferably be in the form of participation in Equity Capital though it may also be in part in the form of debenture capital.

Industrial undertakings in the private sector have necessarily to fit into the framework of the social and economic policy of the State and will be subject to control and regulation in terms of the Industries (Development and Regulation) Act and other relevant legislation. The Government of India, however, recognise that it would, in general, be desirable to allow such undertakings to develop with as much freedom as possible, consistent with the targets and objectives of the national plan. When there exist in the same industry both privately and publicly owned units, it would continue to be the policy of the State to give fair and non-discriminatory treatment to both of them.

The division of industries into separate categories does not imply that they are being placed in water-tight compartments. Inevitably, there will not only be an area of overlapping but also a great deal of dovetailing between industries in the private and public sectors. It will be open to the State to start any industry not included in Schedule A and Schedule B, when the needs of planning so require or there are other important reasons for it. In appropriate areas, privately-owned units may be permitted to produce an item falling within Schedule A for meeting their own requirements or as by-products. There will be ordinarily no bar to small privately-owned units undertaking production, such as the making of launches and other light-craft, generation of power for local needs and small scale mining. Further, heavy industries in the public sector may obtain some of their requirements of higher components from the private sector, while the private sector in turn would rely for many of its needs on the public sector. The same principle would apply with even greater force to the relationship between large scale and small scale industries.

The Government of India would, in this context, stress the role of cottage and village and small-scale industries in the development of the National Economy. In relation to some of the problems that need urgent solutions, they offer some distinct advantage. They provide immediate large-scale employment; they offer a method of ensuring a more equitable distribution of the national income and they facilitate an effective mobilisation of resources of capital and skill which might

otherwise remain unutilised. Some of the problems that unplanned urbanisation tends to create will be avoided by the establishment of small centres of industrial production all over the country.

The State has been following a policy of supporting cottage and village and small-scale industries by restricting the volume of production in the large scale sector, or by differential taxation, by direct subsidies. While such measures will continue to be taken whenever necessary the aim of the State policy will be to ensure that the decentralised sector requires sufficient vitality to be self-supporting and its development is integrated with that of large-scale industry. The State will, therefore, concentrate on measures designed to improve the competitive strength of the small-scale producer. For this, it is essential that the technique of production should be constantly improved and modernised, the pace of transformation being regulated so as to avoid, as far as possible, technological unemployment. Lack of technical and financial assistance, of suitable working accommodation and inadequacy of facilities for repair and maintenance are among the serious handicaps of small-scale producers. A start has been made with the establishment of industrial estates and rural community workshops to make good these deficiencies. The extension of rural electrification and the availability of power at prices which the workers can afford will also be of considerable help. Many of the activities relating to small scale production will be greatly helped by the organisation of industrial co-operatives. Such co-operative should be encouraged in every way and the State should give constant attention to the development of cottage and village and small-scale industry.

In order that industrialisation may benefit the economy of the country as a whole, it is important that disparities in level of development between different regions should be progressively reduced. The lack of industries in different parts of the country is very often determined by factors such as the availability of necessary raw materials or other natural resources. A concentration of industries in certain areas has also been due to the ready availability of power, water supply and transport facilities which have been developed there. It is one of the aims of national planning to ensure that these facilities are steadily made available to areas which are at present lacking opportunities for employment, provided the location is otherwise suitable. Only by securing a balanced and co-ordinated development of the industrial and the agricultural economy in each region, can the entire country attain higher standards of living.

This programme of industrial development will make large demands on the country's resources of technical and marginal personnel. To meet these rapidly growing needs for the expansion of the public sector and for the

development of village and small-scale industries, proper managerial and technical cadres in the public services are being established. Steps are also being taken to meet shortages at supervisory levels, to organise apprenticeship schemes of training on a large-scale both in public and in private enterprises, and to extend training facilities in business-management in Universities and other Institutions.

It is necessary that the proper amenities and incentive should be provided for all those engaged in industry. The living and working conditions of workers should be improved and their standard of efficiency raised. The maintenance of industrial peace is one of the prime requisites of industrial progress. In a socialist democracy labour is a partner in the common task of development and should participate in it with enthusiasm. Some laws governing industrial relations have been enacted and a broad common approach has developed with the growing recognition of the obligations of both management and labour. There should be joint consultation and workers and technicians should, wherever possible, be associated progressively in management. Enterprises in the public sector have to set an example in this respect.

With the growing participation of the State in industry and trade, the manner in which these activities should be conducted and managed assumes considerable importance. Speedy decisions and a willingness to assume responsibility are essential if these enterprises are to succeed. For these, wherever possible there should be along business lines. It is to be expected that public enterprises will augment the revenues of the State and provide resources for further development in fresh fields. But such enterprises may sometimes incur losses.

Public enterprises have to be judged by their total results and in their working they should have the largest possible measure of freedom.

The Industrial Policy Resolution of 1948 dealt with a number of other subjects which have since been covered by suitable legislation or by authoritative statements of policy. The division of responsibility between the Central Government and the State Governments in regard to industries has been set out in the Industries (Development and Regulation) Act. The Prime Minister, in his statement in Parliament on the 6th April, 1949, has enunciated the policy of the State in regard to foreign capital. It is, therefore, not necessary to deal with these subjects in this resolution.

The Government of India trust that this restatement

of their Industrial Policy will receive the support of all sections of the people and promote the rapid industrialisation of the country.

#### Schedule A

1. Arms and ammunition and allied items of defence equipment.
2. Atomic Energy.
3. Iron & Steel.
4. Heavy castings and forgings of iron and steel.
5. Heavy plant and machinery required for iron and steel production, for mining, for machine tool manufacture and for such other basic industries as may be specified by the Central Government.
6. Heavy electrical plants including large hydraulic and steam turbines.
7. Coal and lignite.
8. Mineral oils.
9. Mining of iron Ore manganese Ore, chrome Ore, gypsum, sulphur, gold and diamond.
10. Mining and processing of copper, lead, zinc, tin, molybdenum and wolfram.
11. Minerals specified in the Schedule to the Atomic Energy (control of Production and Use) Order, 1953.
12. Aircraft.
13. Air transport.
14. Railway transport,
15. Ship-building.
16. Telephones and telephone cables, telegraph and wireless apparatus (excluding radio receiving sets)
17. Generation and distribution of electricity.

#### Schedule B

All other minerals except "minor minerals" as defined in Section 3 of the Minerals Concession Rules, 1949.

2. Aluminium and other non-ferrous metals not included in Schedule 'A'.
3. Machine tools.
4. Ferro-alloys and tool steels.
5. Basic and intermediate products required by chemical industries such as the manufacture of drugs, dyestuffs and plastics.
6. Antibiotics and other essential drugs.
7. Fertilizers.
8. Synthetic rubber.
9. Carbonisation of coal.
10. Chemical pulp.
11. Road transport.
12. Sea transport.



# ADMINISTRATIVE REFORMS COMMISSION, STUDY TEAM ON MACHINERY OF THE GOVERNMENT OF INDIA AND ITS PROCEDURE OF WORK, 1966—REPORT

Delhi, Manager of Publications, 1967. (2 parts)

Chairman : Shri S.G. Barva.  
Members : Shri K.C. Pant; Shri K.T. Chandy; Shri  
M.R. Chopra; Dr. J.N. Khosla.  
Member-  
Secretary : Shri N.K. Mukarji.

## APPOINTMENT

The Study Team was constituted by the Administrative Reforms Commission on May 13, 1966.

## TERMS OF REFERENCE

“To examine the machinery of the Government of India and its procedures of work and to make recommendations.”

## CONTENTS

Part I—Introduction; Nodal Agencies; Grouping of Subjects; Machinery and Procedures at Supra-Ministry Levels; Methodology; Summary of Recommendations  
Part II—Annexures from I to XIX: Special Annexures from A to C.

## RECOMMENDATIONS

### Nodal Agencies

**Personnel Administration:** A Central Personnel Agency responsible for all functions of an overall character in the field of personnel administration should replace the present dual control by the services wing of the Ministry of Home Affairs and the establishment division of the Ministry of Finance.

The Central Personnel Agency should have jurisdiction in relation to all types of Government personnel except for members of armed forces and Ambassadors and senior Counsellors abroad. In respect of public sector employees, it should play only a limited role.

The Central Personnel Agency should have sufficient powers to deal with individual personnel cases involving financial implications such as fixation of pay, and should have its own Finance Officer for expert financial advice.

Administrative ministries should continue to enjoy a wide measure of delegated powers and, if possible, the area of delegation should be further widened particularly in the matter of management of departmental

cadres.

The core functions of the Central Personnel Agency should be as listed previously.

The right location for the Central Personnel Agency is the Home Ministry where it should take the form of a Department of Personnel, with a full-time and wholly independent Secretary.

The present arrangement under which the Cabinet Secretary has an important place in the matter of making key postings should continue, with the Personal Secretary instead of the Establishment Officer, feeding the Cabinet Secretary.

A convention should be developed under which the Cabinet Secretary should be regarded as a kind of Secretary-general of the Department of Personnel so as he be in a position to provide leadership in the matter of personnel policies.

The Home Secretary should invariably be a member of Secretaries' Committee in support of the Cabinet Committee on administration.

Conscious efforts should be made to induct into the Central Personnel Agency persons from variety of services, including the technical and professional.

Apart from a management and policy division, the proposed Department of Personnel should have divisions for training and research, vigilance and grievances, and finance.

There should be a Standing Council of Personnel Administration, mainly a professional body, for advising the Central Personnel Agency.

The Cabinet Committee on administration presided over by the Home Minister should keep an eye on the work and problems of the Central Personnel Agency, and give this work the maximum possible support.

**Financial Administration:** Full operational freedom for programme implementing agencies, supported by internal units for financial management should replace the centralisation of financial powers in the Finance Ministry.

Some of the existing restrictions on powers of re-appropriation delegated to ministries unnecessarily limit the scope of operation of other financial powers and should be removed.

The Finance Ministry should retain only specified



tives, policy in regard to policies (particularly in the context of internal and external price levels) and so on.

**Science and Technology:** Functions such as those listed previously for promotion of science and technology need to be performed from a nodal point.

Atomic Energy and Science and Technology must be kept apart at least for the present.

There is a need for a Ministry of Science and Technology and vesting it with prestige and authority adequate for purposeful implementation of the scientific policy resolution.

The proposed Ministry of Science and Technology should perform certain broad functions as listed previously.

Responsibility for advancement of higher mathematics should be transferred from the Department of Atomic Energy to the proposed Ministry of Science and Technology.

The staffing pattern of the proposed Ministry of Science and Technology should be unconventional somewhat on the lines of the Department of Atomic Energy.

There should be a Cabinet Committee on Science and Technology for overseeing implementation of the scientific policy resolution and co-ordinating the total effort of Government in research and development. The present Scientific Advisory Committee to the Cabinet would then cease to function.

**Regional Planning:** There is an urgent need for setting up an effective nodal agency for regional planning.

Eventually regional plans should cover the entire country and take into account techno-economic factors, social and geo-political factors and financial factors.

Problems of regional planning needing immediate attention would be those as listed previously.

The Central Agency for Regional Planning should have within its fold responsibility for town and country planning, urban development, housing, lands, and Local Self Government, at present dispersed over different ministries.

The proposed Central Agency should be set up in the form of a Department of Regional Planning. Its main functions should be as listed previously.

When regional planning gains importance it can justify a full-fledged ministry. For the present, however, the proposed Department of Regional Planning should be grouped with Department of Health and Family Planning to form a single ministry.

The internal organisation of the proposed Department of Regional Planning should be such as to ensure that expert personnel are drawn into the regional planning process from all the important disciplines involved. Details can be worked out by its administrative head when nominated.

The Central Agency should not take it upon itself to do the entire planning work from a New Delhi-based office but should be concerned with promoting the setting up of adequate planning units within the States where the major work is to be done.

**Construction and Common Services:** The three Common Service items lodged in the Ministry of Works, Housing and Urban Development, namely, Public Works, Printing and Stationery and Government Estates, should be remain together supply and disposals now with the Department of Supply and Technical Development should also be grouped with them.

The new name for the ministry dealing with Common Services should be the Ministry of Works and Supply.

Other functions at present performed by the Ministry of Works, Housing and Urban Development should go over to appropriate financial ministries, thus Urban development and housing to the proposed Department of Regional, government hotels to the Department of Civil Aviation and Tourism, and rehabilitation markets to the Delhi Administration.

Ministry of Defence should have only two departments: Department of Defence and Department of Defence Production. Work of defence supplies now attended to in the Department of Defence Supplies should be transferred to the reorganised Ministry of Works and Supply. Development of civil capacity for defence purpose should be the responsibility of the Department of Defence Production.

While there is no need for a Ministry of Construction a Directorate of Construction should be created in the Ministry of Works and Supply to handle the tasks enumerated previously.

**Statistics:** The Central Statistical Organisation should be strengthened so that it may function effectively as a nodal agency, promoting the work of statistics in all branches of Government, Co-ordinating and attending to all overall tasks, like management of statistical cadres, statistical man-power planning, the setting of standards and so on.

The Department of Statistics should be located in the Ministry of Finance as a separate entity although it need not for that reason be headed by a secretary.

The Central Statistical Organisation should be so placed organisationally so as to deal directly with the administrative head of the Department and the Finance Minister.

**Administrative Reforms:** The functions of the Central Agency for administrative reforms should be as listed previously.

The Department of Administrative Reforms should be allocated to the Prime Minister's charge and should operate under the overall control of the Cabinet

Secretary.

Committee on administration and its supporting Committee of Secretaries will deal with problems of personnel administration and administrative reforms, thereby maintaining the essential link between the two.

Staff Inspection Unit should continue to be lodged in the Department of Expenditure.

Management a part of the management and development administration division of the Planning Commission should be transferred to Bureau of Public Enterprises under the nodal Department of Industrial Development, and the other part, namely, development administration should merge in the Department of Administrative Reforms.

Department of Administrative Reforms should be organised on lines that will enable it to discharge effectively the expanded functions proposed for it.

### Grouping Of Subjects

#### General

All business requiring to be distributed under the portfolio system inherent in Article 77 of the Constitution should be distributed amongst Ministers and it should become part of some ministry or the other, exceptions being Parliamentary Affairs, Atomic Energy and Administrative Reforms.

Within individual ministries, the business relating to the portfolio of a particular minister should normally be handled in administrative units styled "departments". If there is a single department in a ministry, that should be known as a ministry rather than a department.

As far as possible, the function of co-ordination in a multi-department ministry should be allotted to one of the constituent departments, thus making it a special charge for the secretary heading it.

Two main criteria for determining grouping of subjects are rationally and manageability, tempered by considerations of stability.

#### Home Affairs

There is no need to disturb the existing arrangement in which certain items of work relating to judicial administration are handled in the Home Ministry and some others in Law.

The Ministry of Home Affairs should function as a kind of nodal agency in regard to the work of union territories focussing attention on fundamental matters. Primary answerability to Parliament in regard to all work concerning union territories should also vest here rather than remain dispersed as at present. This work should be handled through a separate department at Union Territories.

There should be a Parliamentary Committee on

Union Territories on the lines of the Committee on Public Undertakings to keep an effective eye on the administration of these territories

Man-power administration should be transferred to the Ministry of Labour and Employment.

Prohibition should be transferred to the agency which handles Social Welfare.

Problems of Nagaland should be handled in the Ministry of Home Affairs instead of in the Ministry of External Affairs.

With the formation of the Departments of Personnel and Union Territories, it would be appropriate for the remaining work in the Ministry of Home Affairs to be handled in a Department of Home.

The Services of the Secretary to the Department of Union Territories may be utilised for smooth handling of such other works as may be allotted to him in the otherwise heavy charge of the Department of Home.

The Ministry of Home Affairs should have three departments; a Department of Home, a Department of Union Territories and a Department of Personnel. The Home Secretary should play a co-ordinating role as between the first-two of these. The position of the Personnel Secretary should be independent of the Home Secretary but linked in a way to the Cabinet Secretary.

#### Industries

There should be only two ministries outside the Nodal Ministries of Industry and Commerce, one to look after steel and associated sectors of industry and the other to be responsible for oil and sectors of industry that go naturally and conveniently with that.

All the remaining industries should stay in the Ministry of Industry except those which could be transferred to the Ministry of Commerce because of their export orientation

The ministry to look after the steel complex and allied industries should be styled as the Ministry of Steel, Mines and Metals comprising two departments, one for Iron and Steel and the other for Mines and Metals.

Steel structurals should be transferred from the Department of Iron and Steel to the Department of Engineering Industries in the proposed Ministry of Industry.

The ministry to look after the oil complex and associated industries should continue to be designated as Ministry of Petroleum and Chemicals. Some of the Chemical Industries, now located in the Ministry of Industry, should be transferred here.

The Ministry of Petroleum and Chemicals should continue to have two departments one for petroleum and the other for Chemicals.

There should be two departments in the Ministry of Industry, namely, a Nodal Department of Industrial Development and a Department of Engineering Industries, the latter to look after the entire range of engineering and other residual industries as are not eligible for transfer to either the Ministry of Petroleum and Chemicals or the Ministry of Commerce.

There should be two departments in the Ministry of Commerce, a Department of Trade and Consumer Protection and a Department of Export Industries, the latter to look after all the industries at present located in the Commerce Ministry and in addition take over a few export-oriented industries at present in the Ministry of Industry.

#### **Food, Agriculture, Community Development, Co-operation, Irrigation And Power**

The present grouping which places Food and Agriculture under the same Minister should continue.

All functions of the Department of Community Development except those in the field of Agriculture, should be transferred to the functional ministries concerned, e.g., Social Education to the Ministry of Education.

Panchayati Raj should be transferred to the proposed Department of Regional Planning.

Applied Nutrition work which is now dispersed separately should be unified and grouped with Agriculture.

The remanent Community Development Organisation, after the functions have been dispersed as above should form a division in a Department of Agricultural Supplies and Services proposed previously.

The existing Department of Co-operation should similarly shed many of its functions to Sectoral Ministries and State Governments.

In particular, consumer co-operatives should go over to the Ministry of Commerce and other Co-operatives to related ministries.

The agency for co-operation should look after this subject as a promotional activity organised as a Division in the proposed Department of Agricultural Supplies and Services and in particular should deal with Co-operatives in the agricultural field.

The subject of Irrigation should remain dispersed as at present, major and medium in the Ministry of Irrigation and Power and minor irrigation in the proposed Department of Agricultural Supplies and Services. The definition of minor irrigation should be reviewed to ensure that the latter department is not burdened with projects having a substantial engineering content.

Within the Ministry of Irrigation and Power, there should be a water management wing manned by

agricultural scientists, irrigation engineers and administrators working in close co-operation with the proposed Department of Agricultural Supplies and Services.

The Cabinet Committee on Food and Agriculture should be headed by the Minister incharge. This committee as also its Supporting Secretaries' Committee should have representatives of the Ministry of Irrigation and Power, the head of the Water Management Wing of that Ministry also being a member of the Secretaries' Committee.

The different divisions in the proposed Department of Agricultural Production and Processing should be allotted the total responsibility for all processes relating to individual major crops assigned for such divisions.

The present Department of Agriculture should be organised into two departments, one the Department of Agricultural Supplies and Services and other the Department of Agricultural Production and Processing.

The Department of Agricultural Supplies and Services should be concerned with agricultural inputs like finance, personnel, research, fertilizers, seeds, pesticides, training, extension work and marketing.

The Department of Agricultural Production and Processing should have a series of divisions looking after foodgrains, sugarcane, groundnuts, and other Commercial Crops, forests, fruits and vegetables fisheries, poultry and milk, each of the division being in-charge of the whole range of processes, stretching from research to primary processing.

Divisions for dealing with remanent work of Community Development and Co-operation and Agricultural Credit should be filed in the Department of Agricultural Supplies and Services.

In the matter of Agricultural Credit the Department of Agricultural Supplies and Services should play a role in relation to the Agricultural Credit Department of the Reserve Bank. Similar to the one envisaged for the nodal Department of Industrial Development in relation to Industrial Finance.

Each department in agricultural group should be headed by a Secretary. One of them should be assigned the co-ordinating role for both the departments and have under him divisions for Agricultural Planning and Co-ordination, Agricultural Statistics and Evaluation and internal administration of the two departments.

The existing Agricultural Production Board should be replaced by a Cabinet Committee on Food and Agriculture under the Chairmanship of the Minister for Food and Agriculture supported by a Secretaries' Committee.

Power should continue to be linked with Irrigation for many years to come.

Cultural Affairs should continue to be dealt with in the Ministry of Education preferably through special arrangements, such as a Council for Cultural Affairs.

Survey of India, Botanical Survey of India, and Zoological Survey of India, should go over to the proposed Ministry of Science and Technology.

A Department of Youth Services should be setup to handle youth welfare, sports and other forms of Community Recreation.

National Cadet Corps should be looked after from the proposed Department of Youth Services instead of from the Ministry of Defence.

The Department of Youth Services should be located in the Ministry of Education, the other department of which should be Department of Education.

Rehabilitation and Social Welfare should be combined into a single department and grouped with Labour and Employment to constitute a Ministry of Labour, Employment and Social Welfare.

Responsibility for Charitable and Religious Endowments and religious institutions should be transferred from the Ministry of Law to the Department of Social Welfare.

Labour Appellate Tribunals should be transferred from the Ministry of Labour and Employment to the Ministry of Law.

Child Welfare should be transferred from the Department of Social Welfare to the proposed Ministry of Health, Family Planning and Regional Planning.

### Transport And Communications

Railways should continue as a separate ministry.

Communications should be grouped with Transport, Shipping and Aviation to form a Ministry of Transport and Communications. The reorganised ministry should consist of three departments, namely: a Department of Communications, a Department of Transport and Shipping and a Department of Aviation and Tourism.

The hotel industry should be placed squarely under the charge of Tourism. This should include responsibility for Government hotels and would therefore involve transfer of related work from the Ministry of Works, Housing and Urban Development to the Department of Aviation and Tourism.

### Parliamentary Affairs

The subject of Parliamentary Affairs should be allotted to the Prime Minister's portfolio and he should look after this work as Prime Minister and Leader of the House.

In exceptional situations when it is not possible for

the Prime Minister to be the Leader of the House, the role of the leader should devolve on a senior Cabinet Minister. In that event, the Cabinet Minister as a Leader of the House should look after the bulk of the Parliamentary Affairs work under the overall guidance of the Prime Minister, the subject continuing to remain in the Prime Minister's portfolio.

There should be an administrative arrangement under which the Cabinet Secretary acts as a kind of Principal Secretary for the Department of Parliamentary Affairs, without being called so. The department should remain a separate one, but still have a link through its Secretary operating under the overall discipline of the Cabinet Secretary.

### Overall Position

Overall position regarding grouping of subjects and departments should be as indicated previously.

In the proposed scheme of things, there would be 21 minister's portfolio as independent charges divided into 41 departments (as against the present 23 and 42, respectively), as shown previously.

Government of India (Allocation of Business) Rules required to be rationalised from the point of view of presentation and also of mentioning the core responsibilities of the different ministries and departments in a meaningful manner.

### Machinery And Procedures At Supra-Ministry Level

Grouping of subjects into departments and of departments into ministries should not be disturbed too often and changes, if any, should be effected only after a thorough study of administrative implications.

Posts of Parliamentary Secretary and Deputy Minister should be utilised as a training ground for young and promising of specified age-groups.

All the four types of political posts have a purpose and may continue. Within a ministry there should ordinarily no more than two political levels, not counting the Parliamentary Secretary. Wherever possible, the charge of the second political executive should be clearly defined.

There should normally be no portfolio in the Prime Minister's charge, even if there is one, it should not be of a kind that detracts him from his primary responsibilities.

The Prime Minister should be provided institutional support for effective performance of leadership tasks. The Departments of Administrative Reforms and Parliamentary Affairs should be in his direct charge.

Individual ministers should be required under the rules of business to keep the Prime Minister informed of all major decisions in the realm of policy formulation and implementation.

The Prime Minister should meet Secretaries and heads of departments individually by rotation at least once in two months to know what is happening in individual departments and ministries.

The Information Adviser to the Prime Minister should continue to be on his personal staff and not in the Cabinet Secretariat.

A convention may be established limiting the size of the Cabinet to around. Unless otherwise directed by the Cabinet, the Prime Minister or the Chairman of the appropriate Standing Committee, no case should be brought before the Cabinet unless it has been first considered by the Committee. The Second Schedule to the Government of India (Transaction of Business) Rules may be revised as done previously.

The Prime Minister should be empowered under the rules of business to have a particular issue intended for the Cabinet examined or investigated by a Standing Cabinet Committee or an Ad-hoc Committee of Ministers or to have it settled in any other appropriate manner.

More use may be made of the provision in the rules of business whereby matters can be brought before the Cabinet at the Prime Minister's instance. The Cabinet should sometimes discuss matters informally without agenda or on the basis of brief notes prepared in the Cabinet Secretariat.

The Standing Committees of the Cabinet should be so formed that between them they span all important aspects of governmental functioning.

Ordinarily, the Prime Minister should not head a Cabinet Committee, although this need not be an inflexible rule.

The composition of each Cabinet Committee should be such that all ministers in charge of subjects covered are included subject to the number not exceeding say 8 for average situations.

All members of the Council of Ministers should be involved in some Cabinet Committee or the other to provide for all a feeling of participation.

Each Cabinet Committee should have at least one Minister from sectors other than the subjects assigned to the Committee.

Rules of business should provide that in relation to the business transacted by a Standing Committee of the Cabinet, its Chairman should function in a manner somewhat analogous to the Prime Minister vis-a-vis the Cabinet.

The Cabinet Committees should meet at regular intervals, whether there is agenda or not. To ensure attendance, there should be fixed days for the meetings of each Committee.

The existing 13 Standing Committees may be reconstituted into 11 with composition and functions indicated previously. The proposed committees will cover certain new fields like administration, internal affairs, Centre-State relationships, science and technology, social service and public relations.

The rules of business may be modified to make it clear that cases concerning administrative reforms, a subject proposed to be allotted to the Prime Minister, may be brought up before the Cabinet Committee on administration without their being cleared by the Prime Minister first as the minister incharge, the Home Minister's clearance being considered sufficient for this purpose.

Ad-hoc Committees of Ministers should merely investigate (and not decide) particular issues and report back to the Cabinet or Cabinet Committees as the case may be.

For every Cabinet Committee, there should be supporting Committee of Secretaries to consider in advance all matters to be taken up in the Cabinet Committees' meetings. As far as possible, these Committees should reflect the composition of the corresponding Cabinet Committees and be presided over by the Cabinet Secretary. These Committees should also be recognised in the rules of business. The Secretaries' Committee on 'Administration' should, as a special case, have both Home and Personnel Secretaries on it.

The Military Wing of the Department of Cabinet Affairs should be transferred to the Defence and the rest of the department named as Cabinet Secretariat.

The Cabinet Secretariat should be so recognised as to have cells specialising in broad areas of governmental functioning. The composition and functions of these cells should be on the lines indicated in the report.

The position of the Cabinet Secretary should be recognised in the Government of India (Transaction of Business) Rules. This functionary should perform certain functions and be given salary which brings out his pre-eminent position vis-a-vis other Secretaries.

The Cabinet Secretariat should not be regarded as a department of the Government of India for the purpose of allocation of Government business; instead its role should be defined in the Government of India (Transaction of Business) Rules.

#### ANNEXURE—IV

[Para 3.8.1.]

(Comparative Statement showing existing and proposed grouping of subjects and departments  
Please see the Original Report)

# ANNEXURE V

[Para 3.8.2.]

## List of Proposed Portfolios and Departments

| Portfolios                       | Departments   |                |
|----------------------------------|---|----------------|
| 1                                | 2   | 3              |
| 1. P.M                           | A. Department of Atomic Engery<br>B. Department of Parliamentary Affairs<br>C. Department of Administrative Reforms                     | 1<br>2<br>3    |
| 2. Home Affairs                  | A. Department of Home<br>B. Department of Union Territories<br>C. Department of Personnel   | 4<br>5<br>6    |
| 3. Defence                       | A. Department of Defence<br>B. Department of Defence Production   | 7<br>8         |
| 4. External Affairs              | —   | 9              |
| 5. Planning                      | —   | 10             |
| 6. Finance                       | A. Department of Economic Affairs<br>B. Department of Revenue and Expenditure<br>C. Department of Statistics                            | 11<br>12<br>13 |
| 7. Commerce                      | A. Department of Trade Consumer Protection<br>B. Department of Export Industries  | 14<br>15       |
| 8. Industry                      | A. Department of Industrial Development<br>B. Department of Engineering Industries  | 16<br>17       |
| 9. Steel, Mines and Metals       | A. Department of Iron and Steel<br>B. Department of Mines and Metals  | 18<br>19       |
| 10. Petroleum and chemicals      | A. Department of Petroleum<br>B. Department of Chemicals  | 20<br>21       |
| 11. Food and Agriculture         | A. Department of Agricultural Supplies and Services<br>B. Department of Agricultural Production and Processing<br>C. Department of Food | 22<br>23<br>24 |
| 12. Irrigation and Power         | —   | 25             |
| 13. Railways                     | —   | 26             |
| 14. Transport and Communications | A. Department of Transport and Shipping<br>B. Department of Aviation and Tourism<br>C. Department of Communications                     | 27<br>28<br>29 |
| 15. Education                    | A. Department of Education<br>B. Department of Youth Services   | 30<br>31       |
| 16. Science and Technology       | —   | 32             |
| 17. Health, Family Planning      | A. Department of Health<br>B. Department of Family Planning   | 33<br>34       |

|   | 1   | 2              | 3        |
|---|---|----------------|----------|
| and Regional Planning                     | C. Department of Planning   | of Regional    | 35       |
| 18. Labour, Employment and Social Welfare | A. Department of Labour Employment<br>B. Department of Social Welfare | Em-<br>Welfare | 36<br>37 |
| 19. Information and Broad-<br>Casting     | —   | —              | 38       |
| 20. Works and Supply                      | —   | —              | 39       |
| 21. Law                                   | A. Department of Legal Affairs<br>B. Legislative Department           |                | 40<br>41 |

# ANNEXURE VI

[Para 4.11]

## Proposed List of Cases to be brought before the Cabinet

- Cases involving legislation including the issue of ordinances.
- Addresses and messages of the President to Houses of Parliament.
- Cases involving negotiations with foreign and Commonwealth Countries on treaties, agreements other important matters.
- Cases relating to Proclamation of Emergency under Articles 352—360 of the Constitution and other matters related thereto.
- Cases relating to commencement or cessation of a state of war and related matters.
- Proposals to appoint Public Commissions or Committees of inquiry and consideration of the reports of such Commissions or Committees
- Proposals relating to : (a) Creation of new Corporations or Companies wholly owned by Central Government or by a Public Sector Undertaking; (b) Participation by the Central Government or a Public Sector Undertaking; in providing share capital to a new or any existing corporation or company; and (c) Winding up, amalgamation, or such other major schemes of structural reorganisation of Public Sector Undertaking.
- Cases in which a difference of opinion arises between two or more ministers and a Cabinet decision is desired.
- Cases in which a Committee of Cabinet or its Chairman desires a decision or direction of Cabinet in a matter of importance on a subject assigned in its charge.
- Cases involving financial implications on which the Finance Minister desires a decision of the Cabinet.
- Proposals to vary or reverse a decision previously taken by the Cabinet.
- Any other cases which the President or the Prime Minister may, by general or special order, require to be brought before the Cabinet.

## ANNEXURE VII

[Para 4.17]

Statement showing composition and functions of proposed Standing Committees of the Cabinet

| Sl. No. | Name of the Committee                          | Essential Numbers   | Functions   |
|---------|--|---|---|
| 1       | 2  | 3   | 4   |
| 1.      | Committee on Administration                    | Minister of Home Affairs (Chairman)<br>Minister of Finance<br>Minister of Planning<br>Prime Minister (Chairman)<br>Minister of Home Affairs<br>Minister of Finance<br>Minister of Planning<br>Minister of Food and Agriculture<br>Prime Minister (Chairman)<br>Minister of Defence<br>Minister of External Affairs<br>Minister of Home Affairs<br>Minister of Finance<br>Prime Minister (Chairman)<br>Minister of Finance<br>Minister of Planning<br>Minister of External Affairs | To keep the machinery of Government under constant review.<br>To consider overall problems concerning Personnel Administration.<br>To promote efficiency by all possible measures.<br>To consider questions concerning Centre-State and inter-State relationship.<br>To consider questions concerning the security of the country.<br>To consider matters relating to Foreign Affairs.<br>To direct and co-ordinate all Government activities in the economic field (including planning) and generally to regulate the working of the national economy.<br>To review economic relations (including economic and technical assistance) with foreign countries and international organisations.<br>To consider matters concerning development of industries and consumer protection.<br>To promote international trade. |
| 2.      | Committee on Centre-State Relationships        |   |   |
| 3.      | Defence and Foreign Affairs Committee          |   |   |
| 4.      | Economic Affairs Committee                     |   |   |
| 5.      | Commerce and Industry Committee                | Minister of Industry<br>Minister of Commerce<br>Minister of Steel<br>Mines and Metals<br>Minister of Petroleum and Chemicals<br>Minister of Finance<br>Minister of Planning<br>Minister of Food and Agriculture (Chairman)<br>Minister of Irrigation and Power<br>Minister of Finance<br>Minister of Planning<br>Minister of Home Affairs (Chairman)<br>Minister of Defence<br>Minister of Law  | One of them may be appointed as Chairman<br>To consider overall problems concerning public sector enterprises.<br>To consider matters concerning food, agriculture, irrigation and power.<br>To consider questions of internal security.<br>To consider other matters of general administration not falling within the purview of any other Committee.<br>To review progress of Government business in Parliament.  |
| 6.      | Food and Agriculture Committee                 |   |   |
| 7.      | Internal Affairs Committee                     |   |   |
| 8.      | Parliamentary and Public Information Committee | Prime Minister (Chairman)<br>Minister of Information and Broadcasting   | (Contd...)  |

| 1   | 2  | 3   | 4  |
|-----|--|---|--|
|     |  | Leaders of the two Houses of Parliament<br>Minister of Finance  | To consider matters concerning Govern-<br>ment's relations with Parliament (includ-<br>ing Government's attitude to non-official<br>bills and Resolutions).  |
| 9.  | Transport, Tourism and Com-<br>munications Committee | Minister of Law<br>Minister of Transport and<br>Communications Minister<br>of Railways<br>Minister of Finance<br>Minister of Planning<br>Prime Minister<br>Minister of Science and Technology<br>Minister of Education (Chairman) | To consider matters concerning Govern-<br>ment publicity and public relations.<br>To consider matters concerning transport<br>and communications.  |
| 10. | Science of Technology Com-<br>mittee                 | Minister of Industry  | To consider ways and means of promoting<br>tourist traffic.  |
| 11. | Social Services Committee                            | Minister of Education,<br>Minister of Health,<br>Family Planning and<br>Regional Planning<br>Minister of Labour,<br>Employment and Social<br>Welfare<br>Ministry of Finance<br>Ministry of Planning                               | To oversee implementation of Scientific<br>Policy Resolution.<br>To review and co-ordinate measures for<br>the development of science and technology.<br>To consider matters concerning develop-<br>ment of 'Vanguard' items like electronics.<br>To consider matters concerning education,<br>family planning, health, regional planning<br>social security measures including labour<br>welfare. |



# ANNEXURE—VIII

[Para 4.22]

Statement showing : (a) Proposed Cells in the Cabinet Secretariat, (b) Groups of Ministries assigned to them, and  
(c) Cabinet Committees and Secretaries, Committees to be serviced by them

| Sl. No. | Name of the Cell                  | Names of Ministries assigned to the Cell  | Cabinet Committees and Secretaries' Committees to be serviced by the Cell   |
|---------|-----------------------------------|---|---|
| 1.      | Defence and External Affairs Cell | Ministry of Defence<br>Ministry of External Affairs   | Defence and Foreign Affairs Committee.  |
| 2.      | Internal Affairs Cell             | Ministry of Home Affairs (excluding Deptt. of Personnel)<br>Ministry of Law<br>Department of Parliamentary Affairs  | Committee on Centre-State Relationships.<br>Internal Affairs Committee.<br>Parliamentary and Public Information Committee.  |
| 3.      | Commerce and Industry Cell        | Ministry of Information and Broadcasting<br>Ministry of Commerce<br>Ministry of Industry<br>Ministry of Petroleum and Chemicals<br>Ministry of Steel, Mines and Metals<br>Ministry of Science and Technology<br>Department of Atomic Energy<br>Ministry of Finance<br>Planning Commission<br>Ministry of Food and Agriculture<br>Ministry of Irrigation and Power<br>Ministry of Railways<br>Ministry of Transport and Communications | Commerce and Industry Committee.<br>Science and Technology Committee,<br><br>Economic Affairs Committee.<br>Food and Agriculture Committee.<br>Transport, Tourism and Communications Committee. |
| 4.      | Economic Affairs Cell             | Ministry of Education   |   |
| 5.      | Food and Agriculture Cell         | Ministry of Health, Family Planning and Regional Planning   |   |
| 6.      | Transport and Communications Cell | Ministry of Labour, Employment and Social Welfare   |   |
| 7.      | Social Services Cell              | Department of Personnel (Ministry of Home Affairs)<br>Department of Administrative Reforms<br>Ministry of Works and Supply  | Social Services Committee.<br>Committee on Administration.  |
| 8.      | Public Administration Cell        |   |   |

# ADMINISTRATIVE REFORMS COMMISSION, STUDY TEAM ON THE MACHINERY FOR PLANNING, 1966—REPORT

Delhi, Manager of Publications, 1968, 183p.

Chairman : Shri R. R. Morarka.  
Members : Smt. Sharda Mukerjee; Shri Chandra  
Shekhar; Shri E.P.W. de Costa; Dr. S R.  
Sen; Shri M.R. Yardi.  
Member-  
Director : Dr. H.K. Paranjape.  
Liaison  
Officer : Shri N. S. Gidwani.

## APPOINTMENT

The Study Team on the Machinery for Planning was constituted by the Administrative Reforms Commission on May 16, 1966.

## TERMS OF REFERENCE

The Study Team was asked to examine "the planning, organisation and procedures at the Centre and in the States, and relationship of the Planning Commission at the Centre and the Planning Agencies in the States and with other agencies".

## CONTENTS

Introduction; Internal Organisations and Procedures of Work in the Planning Commission; Advisory Bodies of the Planning Commission; Personnel for the Planning Commission; Planning Units in Ministries and Other Sectoral Organisations; Nature and Scope of State Planning; Review of Planning in States: Planning Machinery at the State Level; Planning at the District Level; Centre-State Relations; Summary of Conclusions and Recommendations; Acknowledgements; Appendices I to IV.

## RECOMMENDATIONS

The first task of a Planning agency is to point out the alternative possibilities open to the economic system—in terms of higher or lower targets, with more or less efforts and in longer or shorter time periods.

The alternative should be based on different assumptions and worked out in sufficient depth with their implications.

### Continuity In Planning

Plan formulation must become a much more continuous process.

As a part of the reorganisation of the planning process, a 15-Year Plan should be prepared along with

every Five Year Plan. It is essential that an interim Five Year Rolling Plan should be prepared at least by the time half of the Five Year Plan Period is over so that a Plan for the next Five Years is ready by that time.

### Policy Implications Of Planning

It should be the planners' task to work out in detail the major policy implications of the proposed course of development.

The Planning agency must take the Government and the public aware of the dangers in trying to adopt a particular course of development without adopting the concomitant policy measures.

### Perspective Planning

Planning Commission has to accept responsibility for initiating long-term developmental planning by the States and by the sectoral agencies and this responsibility would cover the training of personnel for this purpose.

In drawing up the perspective plans also, it is necessary to pose clear alternatives and once the optimal variant is chosen, the perspective plan should be worked out on that basis.

### Five Year Plans

Two improvements essential for streamlining the planning process are : (i) the improvement of agencies preparing well-worked out plans and programmes in different sectors and functions; (ii) ensuring that the concerned officials of the Planning Commission are in close touch with such agencies.

The planning Commission must provide a basic framework within which the Working Groups are to operate.

No improvement in the planning process is possible if the Planning Commission and the Government cannot come to conclusion about basic issues like the tempo of development or the choice of new schemes.

Because of the inevitable uncertainty, it may be useful to have two variants of the Plan, one based on the assumption of normal conditions and the other on the assumption of possible difficulties. The latter variant would provide the basis for a 'core plan'.

The number of Working Groups should be such that, with appropriate machinery, it should be possible to ensure their coordinated functioning.

The Working Groups must consist of the best available talents irrespective of whether the persons are officials or not. The Working Groups must be made effectively the instruments of the Planning Commission in the plan formulation process.

Effective communication between the planners at the Centre and those in the States in the plan formulation stage is very important. The Programme Advisers and the NDC, with the improvements suggested by them, and the creation of effective State Planning Agencies should enable this to be done in a better way.

Effective communication between the planners and the ministries on the one hand and industry on the other is also essential for better planning.

### Annual Plans

The Annual Plans, as they are prepared upto now, are useful but not adequate. The time provided at is also too short.

The progress and appraisal reports prepared by the Evaluation Wing together with an economic forecast for the coming year that the Commission may prepare in cooperation with the Ministry of Finance should provide the basis for the Annual Plans. It is important to lay down not only financial provisions but the physical tasks to be fulfilled in the coming year.

### Functions Of The Groups In The Plan Formulation Wing

In plan formulation, the Planning Commission should only be responsible for formulating the objectives, laying down priorities, indicating broad sectoral outlays, fixing basic targets, and laying down criteria for selection of projects and schemes. The Commission needs to go into the details of only a few specially selected projects and, even in these selected projects, its interest should be mainly confined to certain overall aspects. Individual references on schemes should cease to come to the Commission except when they pertain to major deviations from the Plan.

Greater freedom of action than in the past would be permitted to the States in the matter of State subjects except in matters involving national priorities. While in crucial areas, Central direction may have to be greater, in the welfare or the social services sector, maximum initiative must be given to the States. The Central responsibility in this area should be restricted to ensuring uniformity in certain spheres and the fulfilment of minimum national standards in others.

Broadly speaking the functions of the Groups in the Plan Formulation Wing would be as follows :

- (i) Assessment of needs;
- (ii) An estimate of the possible and spelling out of the assumptions for making the possible achievable;
- (iii) Concretisation of the objectives finally selected;

- (iv) Providing lead and guidance to the States, Ministries and other sectoral agencies;

- (v) Assessing the implementation of relevant policies and suggesting revision of these policies in the light of such assessments,

- (vi) Suggesting adjustments in priorities and outlays, and modification of programmes in the light of the Progress and Appraisal Report etc.

### Perspective Planning Group

Perspective Planning Group should be responsible for working out long-term projections of economic development, the implications of the assumed rates and alternative models of growth and providing a picture of inter-related commodity balances for ensuring balanced growth. It should study the inter-relationship of the various sectors and check the consistency of various targets set within a five-year period, examine their impact on the long-term perspectives and suggest modifications in the five-year programme so that the long-term perspectives are not distorted.

In the field of natural resources, Planning Commission's task should be three-fold :

- (i) To indicate the studies that are needed;
- (ii) To ensure that these are organised through the existing agencies, if necessary by strengthening them, or suggesting the creation of new agencies; and
- (iii) To be in continuous touch with these agencies to ensure that the studies are carried out according to the prescribed time schedules.

The Group would also study the patterns of utilisation and explore the possibilities regarding the alternative uses of scarce resources, identify major areas where research would be crucial and pose problems to the research institutions. For this purpose, the Group will have to keep itself informed about major technological changes

In the field of manpower, the Group should study methodological problems relating to manpower planning. In the field of long-term planning, its efforts should be directed towards bringing about both a quantitative and a qualitative balance.

### Economic Group

We envisage the following areas of study for the Economic Group in the field of Economic Growth and Policy :

- (i) Major policy implications of alternative rates of growth;
- (ii) The policy implications of the Directive Principles of State Policy as embodied in the Constitution;
- (iii) The long-term and five-year policies relating to incomes, wages and prices;
- (iv) Problems of credit policy, savings and invest-

ment; and

(v) Study of current economic policies of the Government from the point of view of their impact on Plan objectives.

The work now performed by Inter-Industries Study Group under the Economic Division is more appropriately the function of Perspective Planning Group.

Estimation of internal financial resources from time to time should continue to be a function of this Group. Also, the Group should study the problems of over-all resources mobilization, including changes in fiscal policy necessary for that purpose, and price and related policies of public enterprises, in the context of development.

It is necessary to provide technical guidance to the States in the matter of resource mobilization. At present there is no agency at the Centre which studies on a continuous basis problems of State finances and measures for mobilization of resources. We recommend that a unit for the purpose may be set up in the Economic Group.

Problems relating to employment and employment policy should be dealt with by the Economic Group.

In relation to the problems of external resources, the conduct of basic studies as well as other work such as negotiations foreign resources will be the responsibility of the concerned Ministries. The Commission's function would be to draw up a five-year picture of requirements, and bring out the policy implications arising out of the gap in the balance of payments or the overall resources gap.

We suggest that appropriate attention should be given to the study of the food problem; this work should be assigned to the Economic Group.

#### Plan Coordination Group

The principal functions of this Group should be to :

(i) Put together various strands of development plans worked out by the various Groups; and

(ii) Bring them to a focus, initially for appropriate consideration in the Commission itself and later for obtaining the decisions of the concerned governmental agencies.

This Group will operate as the main functional secretariat of the Planning Commission. The responsibility for editing and bringing out the Plan documents would also rest with it.

An important unit of this Group would deal with State Plans as a whole. Its duties in this field would be in the sphere of Central assistance, providing guidelines to the States and classification of Schemes. Studies relating to regional development should be one of its

important functions.

It would be advantageous if at one place in the Commission a systematically-arranged record of all the important papers prepared is readily available.

#### Agricultural And Rural Development Group

The Unit need only be concerned with the principal elements of agricultural development and not with all the subjects connected with agriculture.

Detailed agricultural planning or fixing definite agricultural targets is unrealistic in the Indian context. The aim should be to draw up a coordinated plan of inputs and suggest a suitable price policy.

In the field of irrigation the Unit would study the ultimate potential, the best ways of developing this potential and of utilising the potential created. It should apply certain criteria—economic costs and benefits, and adequacy of project preparation—before it permits a major project to be included in the Plan.

In the field of Land Reforms, the principal responsibility of the Group would be to study the progress of the implementation of land reforms on a continuous basis and bring to the notice of the concerned authorities lags in implementation or misdirection in legislation.

In view of the importance of planning rural development in an integrated way, we suggest that rural development be the responsibility of this Group.

#### Industry, Transport And Power Group

The basic function of this Group would have to be one of examining the factors affecting balanced growth of inter-related industries, studying the factors which tend to disturb this balance and recommending corrective policies. It will have to study the implications of industrial policy in different aspects. Though most studies would be conducted by other agencies, the Group should have at its disposal the results of all such studies for its use.

As development of Power is more directly related to industrial and transports, development, we have suggested its allotment to this Group. Planning for power generation may increasingly have to be made on a national rather than on a State or regional basis.

In the field of transport, the Group's main function would be to coordinate the transport plans put forward by different executive agencies.

#### Social Services Group

The role of the Union Government and the Planning Commission in this area will be confined to evolving a national framework of policy, working out the main priorities and targets, ensuring the adherence of States

to certain minimum national standards and providing assistance in such a way so as to enable and induce the States to follow these broad guidelines.

The main task of the Group regarding the development of social services would be to ensure that their development takes balance and in keeping with the accepted social objectives. The success of programmes like technical education and family planning, might be of such a crucial importance to the Plan as a whole that the Planning Commission may have to take special interest in them. The Commission's role in these subjects would however be limited and, therefore, the units in the Group would be small.

### **The Role Of Groups In The Over-All Planning Process**

The function of the Planning Commission is to integrate sectoral and regional claims into a composite, balanced whole. The Groups in the Plan Formulation Wing must, therefore, have adequate insight into the inter-relations among different development sectors.

The general principle should be that, whatever work, the Commission can get done by other agencies, it should not attempt to do itself. Duplication can thus be considerably reduced.

### **Procedures Of Work**

The Commission, as an expert professional body, must spread its work evenly over time and plan it methodically and in detail.

The Group Advisers should draw up a comprehensive annual programme of work which should be further broken up into monthly work assignments to officers. The programme should also cover studies of major policy issues irrespective of whether the Government chooses to consult the Commission on a particular matter or not.

We recommend that the work of the Commission should be officer-oriented and the officers be given necessary assistance. This change should eliminate from the technical Groups a large part of the secretariat staff.

Matters which have vital inter-sectoral repercussions should be properly discussed at the official level before they are discussed by the Commission. The work of the different Groups should be so organised that they work to a common purpose. This presupposes that, both within the Groups as well as among the Groups, there is a free and full exchange of informations and views so that the repercussions of a particular proposal are sorted out at the earliest stage in the preparation of study papers.

While the Members, in the light of their special knowledge and experience would organise, supervise

and guide the work of the Groups allotted to them, they should extend full freedom to the Technical Advisers to express their views in the technical papers prepared by them. Consideration of such papers should then be undertaken by the Commission as a whole. It is not necessary that the papers should be approved regarding the conclusions by the members concerned before consideration by the Commission.

The programme of the Commission's meetings should be so organised that they are not crammed into a short period of time. With the new approach to the persons to be appointed as members, difficulties regarding their availability in Delhi should not arise.

### **Functions Of Plan Formulation Wing**

- (i) Periodical Progress reporting;
- (ii) Evaluation studies;
- (iii) Special studies on particular aspects of implementation;
- (iv) Periodical Plan Appraisals; and
- (v) Socio-Economic Research.

### **Progress Reporting**

We expect that the Commission would regularly receive progress reports from the States, Central Ministries and other major implementing agencies. It is necessary to secure such information from large organised private sector industries. Quarterly and Annual Progress Reports should be brought out on the basis of such information. In the case of a limited number of important plan projects, both in the public and private sectors, monthly progress reports should be prepared.

### **Evaluation Studies**

It is necessary that the P.E.O. should study a selected number of important projects, and programmes closely and continuously. For this purpose, the Commission should continue to have its regional evaluation units. It may also be useful to involve the Universities and other research organisations in evaluation.

The Evaluation Wing should also conduct methodological studies and help the State Evaluation Units.

As regards the broad approaches to evaluation as signified in the P.E.O. and the C.O.P.P., we feel that both would be necessary.

The concerned Programme Advisers as well as the Group Officers should be fully associated with the finalisation of the evaluation reports.

### **Special Studies On Particular Aspects Of Implementation**

Our general approach is that in all cases where existing official agencies can take up this task, special studies

should be made their responsibility. Some problems could be entrusted to research organisations also. Only in those cases where the problems cut across a number of sectors or affect more than one agency, or where the necessary competence or willingness does not exist, should the Commission set up its own ad-hoc enquiry unit. The units for such studies should be wound-up as soon as their need is over, or when a suitable agency can be found to undertake studies on a permanent basis.

### Plan Appraisals

Annual plan appraisals should be brought out every year within a period of six months of the completion of the plan year. Such appraisals should provide objective, critical and analytical reviews of plan implementation during the preceding year. We hope that Five-Year Plan appraisals would also be brought out as a matter of course.

### Socio-Economic Research

There is no reason for the Planning Commission to continue the support to general socio-economic research provided by it through the Research Programmes Committee. This should be the function of the proposed Council of Social Science Research as recommended in its Interim Report by the Committee on Social Science Research. We would not, however, like to disrupt the present support that a number of social science research institutions are receiving for their research programmes through the Research Programmes Committee until such an alternative organisation is set up.

The Planning Commission may still require certain specific studies to be conducted in a certain way. The designs for these studies and their organisation as well as the time schedule for their completion will have to be worked out by the Planning Commission in collaboration with the institutions which are to undertake such studies and the work may be given to them on a contract basis. Arrangements exist with five institutions which are involved in studies on planning and development under the Committee for Research in Planning and Development. We suggest that this programme should be suitably expanded so as to cover the institutions dealing with the social and administrative aspects of development and a few more institutions in other parts of the country so as to enable them to build-up research talent and facilities of a high order.

Even after the constitution of a Council of Social Science Research, it would still be necessary for the Commission to have a small and compact Committee through which the Commission organises the studies which have a direct and immediate bearing on the Commission's work.

### Advisory Bodies

**General Approach :** We need not preclude the possibility of the Commission requiring the services of small standing groups for advice on particular matters; but before constituting them, careful thought should be given to the purpose for which they are set up and the manner in which they should operate.

Where the Central Ministries have created special advisory bodies for consultation in particular subjects which are also of interests to the Planning Commission, the Commission should try to utilise these bodies for its own purposes. If it is felt necessary to obtain the advice of some of these bodies on a continuous basis, small Sub-committees of these bodies may be attached to the Commission. In areas where need for advice is not felt regularly, small ad-hoc groups could be temporarily constituted. Such among the eminent experts as can spare the necessary time can be associated with the Working Groups set up in connection with the formulation of the Five Year Plans.

Only in cases where the type of advice and consultation that the Commission needs cannot be had from existing bodies, should Advisory Committee consisting of ten to fifteen persons be set up directly under the auspices of the Commission.

### Committee On Natural Resources

The Committee on Natural Resources may be reconstituted with members mainly drawn from the specialised organisations engaged in survey and assessment of natural resources and a few other eminent specialists. The composition and the manner of functioning of the various Technical Committees under the Committee on Natural Resources should also be reviewed.

A Committee for energy planning is essential because energy covers such heterogeneous elements as electric power, coal and petroleum, which are dealt with by different official agencies. Its composition, however, needs to be reviewed.

### Panel Of Scientist

In the field of scientific research the Planning Commission would need the services of a small Committee of top scientists to advise on the development of scientific research and also on the impact of scientific development on future planning. It may also be useful to appoint small ad-hoc groups of scientists from time to time to study the application of science and technology to particular problem areas.

### Panel Of Economists

A properly chosen group of economists, being called

upon regularly to discuss problems of economic policy affecting the development plans, would be useful. The Panel of Economists may be reconstituted with a somewhat smaller membership. In order to provide for injection of fresh talent the Panel should be so constituted that automatically a certain percentage of members retire periodically. It should be called upon to meet at least once a year, and more frequently when some basic questions are being discussed.

#### **The Land Reforms Implementation Committee**

The continuance of the land Reforms Implementation Committee is likely to be useful. Its Chairman should be either the Union Minister for Food and Agriculture or the Member in-charge of this subject in the Commission.

#### **Technical Advisory Committee On Irrigation, Flood Control And Power Projects**

Such machinery for project appraisal is useful for ensuring that only such schemes which would satisfy techno-economic criteria are admitted for inclusion in the Plan. This Committee should be reconstituted, with an Expert (and not the Minister) as its Chairman.

#### **Committee On Industrial Projects**

It may be useful to consider the establishment of a compact projects appraisal machinery for the industrial sector, somewhat on the lines of the Technical Advisory Committee for Irrigation and Power Projects. This Committee may co-opt Experts in particular fields, while examining projects in those fields. An expert agency for independent techno-economic scrutiny of projects of this kind may be developed, either in the Bureau of Public Enterprises, or in the Planning Commission; this will assist the Advisory Committee.

#### **Planning Committee On Transport**

There is need for a forum where coordinated thinking on long-term transport policy can be done. The preparation of a coordinated transport plan is essential for long-term and medium-term planning. A transport Planning Committee is necessary for this purpose.

#### **Evaluation Advisory Board**

Evaluation needs considerable strengthening. The Evaluation Board should be continued after suitable reconstitution.

#### **Research Programmes Committee**

We have suggested earlier in this Report that the Research Programmes Committee should be reconstituted with a smaller membership (Chapter II, para 2.183). As in the case of the Panel of Economists, the R.P.C.

also should be so constituted that a certain percentage of members retire periodically to make room for fresh talents.

#### **Committees Of The Parliament For The Planning Commission**

The practice of having the Draft Plan discussed by Special Committees of Parliament seems to have worked successfully in the past and we recommend that it should be nurtured and continued in the future.

It would be appropriate if a special Parliamentary Committee on Planning on the Lines of the Committee on Public Undertakings is established by Parliament. It should have a comparatively stable membership, one-third of the members retiring every year. Its function should be to examine the annual and other appraisal reports as well as evaluation reports as are made available to Parliament from time to time and to make necessary recommendations. Once this Committee is constituted, neither the Estimates Committee nor the Public Accounts Committee should examine the working of the Planning Commission, as this Committee would also undertake the functions of these two Committees in respect of the Planning Commission.

#### **Framework For The Staffing System**

We envisage that not much primary research work, like that of designing studies and carrying them out in detail, will have to be undertaken in the Commission.

The Commission needs specialists with concrete knowledge and experience about different aspects of development; but they should also have perception of the inter-relationship among different aspects of projects and different sectors and larger objectives of national development.

It is also necessary that higher level persons in the Commission should be in a position to identify the gaps in knowledge necessary for planning and be knowledgeable about the official and non-official agencies engaged in relevant studies.

The organisational set-up proposed by us indicates three functional levels for transacting the business of the Commission: Advisers, with a salary and status equivalent at least to that of a Joint Secretary, in overall charge of a Group or an important unit in a Group; Specialists, in charge of major identifiable units; and Analysts, whose function will be to assist higher level specialists in carrying out the work in their respective subject areas. It will not be necessary for the Commission to continue to have large numbers of Economic Investigators.

The work assignments of persons working at the three functional levels not being uniform, a fixed grade value cannot be attached to each level. It is, there-

fore necessary to provide flexibility regarding creation of technical posts in different categories and appointment of persons thereto on the lines of what obtain in Atomic Energy Establishment'.

If the Planning Commission is to attract first-class talent in fields like industry, it may be necessary to pay remuneration which is higher than would normally be given to the Heads of the other Units. Even though persons may be given different remunerations all Heads of Groups should be called Advisers and they should enjoy the same status as far as the internal working of the Planning Commission is concerned.

The reorientation of work organisation suggested by us would help the Commission to reduce its staff strength and make its work more functionally-oriented and less hierarchical.

### Recruitment And Selection

The Commission will require a nucleus of permanent staff for providing necessary continuity and man posts for which it may not be possible to obtain experienced personnel from outside. For the other research and technical posts at the higher levels, the Commission should place greater reliance upon lateral recruitment. The Government-wide basis of the Economic and Statistical Services has opened up possibilities of cross fertilisation of ideas and experience.

The Commission needs to identify the specialised knowledge needed for handling the different tasks in the Commission, discover the best employment markets for these specialists, maintain contact and arrange to secure the services of the best specialists.

Highly specialised personnel may not like to take up jobs in the Planning Commission on a long-term basis; but they may be persuaded to join for short periods because of their interest in particular programme and also for the experience that they can get. Various special attractions will have to be provided as suggested in the Interim Report, to attract and retain such personnel. Bringing in outside talent for short periods should induce a healthy change, because of such persons belonging with them into the Commission the 'culture' of their professional organisations. We also recommend liberalisation of the terms offered to Consultants by the Planning Commission.

Where it is difficult to obtain the release of top specialist on a full-time basis even for a short period, it may be useful to have them available for advice, on a part-time basis. It is equally important to accord suitably high status to persons appointed on contract or as Consultants.

The Commission will have to deploy more positive methods for filling the posts requiring specialised knowledge, experience and skills.

### Promotions

The Commission needs a small core of personnel on a long career basis and they can be retained only if there is adequate scope for them to be promoted.

Promotions in the Commission should be based on demonstrated merit, creativity and capacity for growth rather than on seniority.

Supervisory staff in the Commission should be provided with objective tools for measuring qualities and skills of their subordinates, if promotions are to be based less on seniority and more on merit.

Perception of inter-relationship among related subjects should be an important criterion for promotion higher positions.

A key function of supervisors in promotional matters would be to locate personnel with high growth potential and help them develop their talent skills.

### Staff Development And Training

Staff development has not received adequate attention in the Planning Commission.

It is necessary that there should be an orientation programme for introducing persons newly joining the Commission to the responsibilities which arise as a result of the Commission's role as a leader coordinator and synthesizer in the national planning process.

A personnel exchange programme between the Planning Commission and the sectoral agencies is essential to develop better understanding of each other's role.

To meet the requirements of the changing nature of work, the existing personnel need to be trained. This will also help opening possibilities of job enlargement.

With the new planning positions in Ministries, State Planning Agencies, and District Planning Agencies that we envisage, the development of suitable training programmes for personnel till the positions are essential.

Training in Planning will be of two types :

(i) Training in economic, statistical and other tools which can be largely imparted through specialised institutions and confined to persons already qualified in subjects.

(ii) Training for persons who are specialised in different aspects of development but are not to work as planners; such persons have to be trained in the objectives, tools and techniques of planning.

We recommend that appropriate training facilities should be created for imparting the latter type of training.

The training agency for such a purpose should be closely associated with the planning agency and its training faculty should be partly drawn from persons



who have had an opportunity to study a first-hand the working of the planning process. It is necessary to create immediately one such training institution in Delhi.

### Secretariat And Administrative Personnel

We are not certain that the increase in the secretariat and administrative staff of the Commission has taken place on the basis of proper criteria. The Commission is already seized of this problem. We think that it should reassess its needs of administrative staff in the light of our recommendations.

The Study Team thinks that the personnel office of the Planning Commission should serve as pace-setter to other government agencies and should be able to perform its functions in a professional manner. In view of the special responsibilities of the chief personnel administrator, the Commission should secure the most suitable person and train him specially for the purpose.

### Utilisation Of The Staff

The specialized personnel in the Planning Commission will give their best only if a hierarchical atmosphere is avoided and freedom of expression is accepted as a normal part of organisational behaviour.

It is necessary to revise the Commission's procedures so as to induce its personnel to adopt a more professional approach in their work. Deliberate efforts should be made to maximise the intrinsic rewards associated with professional jobs; these will include freedom to show initiative and develop new ideas and methods scope for independent thinking in official work and the possibility of professional recognition. The last could be attempted through the occasional publication by the Commission of a volume of staff papers.

The Central Planning Organisation cannot work successfully unless complementary work is being effectively conducted in sectoral and regional agencies.

### Natural Resources

Four types of agencies for such detailed work can be broadly classified. The first comprises the agencies specialising in exploring the natural resources of the country.

### Scientific Research

The second comprises the agencies of scientific and technological research. Close links should be established between such Research Agencies and Planning Agencies.

### Regional Planning Agencies

Planning for States and ultimately for the country

as a whole would be possible only on the basis of continuous studies undertaken by States, regional and area planning agencies which constitute the third kind of agency.

### Sectoral Planning Agencies

The fourth type of planning agency that we consider important is the sectoral planning agency. For different sectors of the economy, there would be different kinds of agencies responsible for development. In certain sectors, the responsibility for development and day-to-day administration or management is largely that of the State Governments. In others, for constitutional or practical reasons, the responsibility for development is largely that of the Union Government; certain sectors are expected to develop largely in the public sector, others, in the private sector. The task of detailed development planning will have to be differently organised for different types of development.

### Transport

Adequate thought has not hitherto been given to the development of suitable planning agencies for the various sectors of the economy. While the Planning Commission can provide coordination and perspective for the different forms of transport, each Ministry concerned with transport must develop a really effective Planning Unit of its own.

### Irrigation & Power

In respect of Irrigation and Power, the Central Water and Power Commission has built-up considerable experience and expertise. While it is able to do high quality technical work on the engineering side, it has not yet developed adequate expertise on the economic, planning and other related aspects. It is necessary that each State should develop appropriate competence in this field. It should be one of the duties of the Central Water & Power Commission to help each State to build-up expertise for the survey of potentialities and design-projects.

### Industries

The role of the Planning Commission in respect of industrial planning would be to work out the inter-related policies, programmes and targets for achievement over a given period of time, ensure that cost benefit relationships are examined and the wider objectives of industrial policy and planning such as balanced regional development and prevention of economic concentration are kept in view. Most of all, it will have to ensure that industrial progress takes place at the expected rate.

The task of working out detailed projects of indus-

trial development should not be the responsibility either of the Planning Commission or of a Ministry. Such a task requires an organisation of highly specialised and sophisticated experts. Encouragement should be given to the further setting up of such organisations both in the public and the private sectors. Considerable flexibility in management must be permitted to a public sector designing agency. The very basis of planned development in the industrial sector depends upon the creation and successful growth of efficient plant designing and consulting organisations. Continued dependence on foreign collaboration and turn key contracts is not desirable.

Ministries dealing with industries which are mainly developing in the public sector (e.g., Steel and Petroleum) would obviously need to have their own technical staff to examine the projects prepared by the designing organisations and to assist the Ministries in making recommendations to the Planning Commission and the Government. For other industries, where the public sector is likely to play a lesser role in future development, steps may have to be taken to reorganise and strengthen the Directorate General of Technical Development so that it can provide the necessary pool of technical expertise.

It will be necessary to have planning cells constituting of purposefully developed technical and planning staff in each Ministry directly concerned with major developmental activities. These cells should perform functions like commissioning and examining proposals for new units or expansions, keeping liaison with scientific and technological institutions, ensuring that work relating to projects includes in the plans is properly done and keeping watch over actual development of a project and suggesting remedial actions, if necessary.

#### Planning And The Private Sector

The Planning Commission has not established any direct consultations on a regular basis with the private sector. The working of bodies such as the Central Advisory Council of Industries and Department Councils has largely revolved around current problems of industrial licensing and various grievances that private sector industries feel.

Planning Commission should be suitably represented on the Development Council.

One method of establishing better communication between Planning Commission and industry may be to have Planning Commission attached to the Development Councils. These Groups should have members who represent the professional side of industry—managerial or technical—rather than the directors and industrialists. The proposed Planning Cells in the Ministries may provide the Secretariat for the Planning Groups

and the Planning Commission should be actively associated with their working.

#### Agriculture

In the field of agriculture, the task of the Union Government would be confined mainly to research, assistance for the provision of essential inputs and working out an appropriate price and marketing policy. The agricultural department will have to be better equipped to provide technical assistance to different States for such purposes.

#### Education, Health And Social Welfare

In these subjects the Union Ministries have responsibility mainly for working out broad programmes of development and policies for ensuring maintenance of appropriate standards, the conduct of research and making available the results of research to the various programme planning and implementing agencies in the States. It is necessary to create separate Planning Cells in these Ministries to carry out these functions by reorganisation of staff.

#### Finance And Foreign Exchange Problems

There is no agency adequately equipped to provide expert assistance to State Governments on the basis of studies relating to State finances. We have suggested earlier in this Report the creation of a special unit for this purpose in the Economic Group of the Planning Commission. We have already suggested in our Interim Report that there should be a Standing Committee of the heads of Economic and Statistical Units in the different Ministries and the Planning Commission.

It is necessary that the Economic Group of the Planning Commission should specially be strengthened for preparing foreign exchange forecasts.

#### Nature And Scope Of State Planning

The State Plans account for nearly half of the public sector Five-Year Plan Outlays.

The State Plans have a reference only to additional developmental outlays in the State Public Sector and do not include plans for the private sector or for the Central Public Sector.

The major areas for planning at the State level are agriculture and community development, irrigation and power, and social services.

The nature of State Planning is operational and locational with considerations of implementations directly in view, and not aggregative as is the case with National Planning.

At the State level, there is a greater degree of

people's participation and this exposes these agencies to a variety of socio-political pressures which may not always be in the best interests of rational decision-making. However, this also provides an advantage because, with some imagination, the social and political pressures can be used for more effective decision-making and for better implementation.

The outlay in the State Plans is largely promotional in character whereas the Central Plan Outlay is more in the nature of direct investment in physical capital.

### Review Of Planning In States

There appears to be a tendency towards inter-State similarity in sectoral distribution of State Plan Outlays. In view of the variations in the quantity and nature of resources potentials of the States, this trend does not appear to be in the best interests of the country in general and of the States in particular.

A comparative study of the sector-wise distribution of financial and physical targets and achievements in physical terms have been much lower than those of the corresponding financial expenditure. This could happen either because the plan proposals were not properly worked out in terms of their costs and benefits or because of a general rise in the price level. In our opinion, the more important reason is that of inadequate preparation of plan proposals. Another reason for this is the absence of scientifically worked out assumptions and yardsticks.

Very little attention is being paid, to ensure timely completion of plan projects. A number of projects are initiated without due consideration to resource availability. This has led to a number of projects being taken up when the matching resources were not available. This leads to delays in the completion of projects and the delays in turn raise costs. Delays also postpone the availability of benefits to the society.

Original under estimation of financial requirements for projects is partly responsible for involvement of the States in a larger number of projects than what can be financially supported by the State at any point of time. In the follow-up action, therefore, the limited financial resources have to be spread over to a number of projects and therefore lesser inputs are available than necessary for completion of projects in time.

Lack of advance time phasing of projects leads to concentration of expenditure and heavy demands on physical resources in the later years of the Five Year Plan period.

There is considerable degree of scope for manoeuvrability, by way of reducing or increasing expenditure on the social service sectors; in the case of project ex-

penditure, commitments are made in advance and therefore, for maintaining the tempo of project progress, the States cannot help but give preference to expenditure on projects in the Irrigation and Power sector. This results in changes as compared to the outlays provided.

Most of the States have undertaken steps to organise investigations in the field of Irrigation and Power. Some States have done a lot of work in preparing alternative schemes of development. But in sectors other than Irrigation and Power, similar attempts have not been made. As a result, the Irrigation and Power Sector has received more attention than the other sectors for which alternative programmes of development were not worked out.

For evolving balanced State Plans, it is necessary to undertake efforts at working out detailed proposals for each head of development. The bigger States may be divided into two or more regions on the criteria of resources and problems. Special emphasis needs to be placed on special distribution of programmes. There has been no planning agency in the State and, therefore, project and programme planning have not been taken up in a scientific manner on a continuous basis.

The main agencies for planning in the States are the Planning Departments. The working of the Planning Departments is similar to that of any other department of the State secretariat.

It is reported that the full-fledged Planning Departments have been established in 12 States. A closer examination shows that these departments are really not separate Departments but have usually been attached to one or the other major State Secretariat Departments.

The Staffing pattern of the Planning Departments indicates that no special efforts were made to develop personnel for the type of work which planning at the State level requires. Senior level officers are drawn from generalist services with differing academic backgrounds and with a variety of job experiences. Little consideration is paid to the selection of the right type of officers or for training of the officers selected for the Planning Departments.

### State Planning Boards

The Planning Commission had suggested in 1962 the appointment of State Planning Boards. Following this suggestion, eight States appointed State Planning Boards and other have said that they are in the process of pursuing the suggestion.

The State Planning Boards have a large membership which is drawn from legislatures, and from representatives of business, industry, agriculture, education etc. The meetings of the Boards are held very infrequently and in these meetings very little discussion, which would be useful for Planning at State level, takes place.

By and large, the State Planning Boards could be described as 'Consultative Bodies' or 'Public Relations Committees'.

In three States, Cabinet Committees were appointed in place of State Planning Boards. The membership being confined to only a few, more meetings could be held and discussions could be more fruitful. But such a Committee by its very nature cannot undertake continuous studies for the purpose of planning at the State level. In States where full-time office bearers were appointed on the State Planning Boards, they were not provided with the necessary staff support. In practice, therefore, the Planning Departments acted as the Secretariat of the Planning Boards. This was in no way different from those States which had only Planning Departments. The functions of the State Planning Boards have invariably been vaguely defined and are wide in scope.

A survey of the functioning of the State Planning Boards indicates that the meetings of these Boards were held only once or twice a year and the discussions were only of a general character. This has not helped either the strengthening of the planning machinery or the process of planning in the States.

#### Planning Machinery At The State Level

In view of the varying socio-economic conditions and different resource potentials of the various States, it is necessary to have continuing efforts at preparing programmes which will take into account the overall national priorities as well as attempt to use the physical resource potentials of the States in an optimal manner. For this purpose, planning machinery in States is visualised at three levels.

There is an imperative need for having a permanent and non-political body which would undertake the responsibility of preparing long, medium and short-term development plans for the States. This body should coordinate the development programmes of different regions and districts within a State, work out a rational set of priorities and the phasing of plan programmes for the State as a whole and reduce the likely danger of over and under-emphasis in development of a sector or an area because of subjective or other considerations.

State Planning Boards are necessary for the purpose of ensuring the availability of independent, flexible and continuing planning agencies in the States. Their advice would be of an expert character and would carry weight with the Government and other institutions in the States. In no State has such an institution been created; therefore, it is not possible to refer to past experience

in making this recommendation. The creation of Boards would help the Governmental leadership to pursue more rational policies and also permit a larger degree of participation of non-governmental individuals and agencies.

The proposed functions of the State Planning Boards would be, by and large, similar to those of the Planning Commission with some modifications which have been indicated in the text.

The success of the State Planning Boards would be largely determined by the type of persons who are appointed as members on these Boards. The criteria for selection of the members of the Boards should be broadly similar to those indicated regarding the members of the Planning Commission.

The Chief Minister of the State should be the ex-officio Chairman of the State Planning Board. There should be full time members whose number should not exceed four. One member each may be appointed to look after a broad area of development, namely: (i) agriculture, including irrigation, (ii) industry, power and transport and (iii) social services. The Deputy Chairman may deal with long-term planning, resources and other overall plan problems of the State. No Ministers need be appointed on the Boards as members.

In selecting the members of the Boards, it is necessary to place more emphasis on technical knowledge and experience than would be the case with members of the Planning Commission. The term of office for the members should be five years. Their status, facilities and emoluments should be those of a Minister of State.

The Board should have a full-time secretary of the rank of Secretary to the State Government. He needs not necessarily be from the administrative services but should be specially chosen for his knowledge and experience of the problems and processes of development planning.

The Board may have three main units, namely: (i) agriculture and allied subjects; (ii) industry, power, transport and construction projects, and (iii) social services. A separate unit may deal with the overall problems of planning at the State level.

The Boards should have the responsibility of ensuring coordination between Central Public Sector and Private Corporate Sector developments with the State Plan Programmes.

The State Planning Boards should undertake annual progress reporting and plan appraisals, evaluation studies of programmes and projects and comparative studies for improving implementation as well as the methodology of Planning.

The organisational structures of a State Planning Board should be determined in view of the State's problems and there need be no attempt to evolve a uniform

pattern of organisation in all States.

The Boards should pay special attention to involve non-governmental professionals in the process of planning. Non-officials may be invited for a short time to work on specific problems either on contract or on an honorary basis. The Boards should have the necessary flexibility to be able to offer appropriate emoluments and other facilities to such persons.

Planning cells should be established in all executive agencies of the State Governments. These cells should prepare detailed programmes for inclusion in the State Plan. The main function of the departmental planning cells should be to coordinate different plan programmes of the department and ensure the necessary follow-up action for better implementation. The cells would play a role complementary to the State Planning Boards.

The personnel for these planning cells will have to be specially selected and trained to enable them to undertake their assignments in a purposeful manner. Frequent transfers should be discouraged.

For strengthening the machinery for planning at the State level and for improving the process of planning, it is necessary to pay more attention to the building up of personnel in the States by pursuing appropriate personnel policies and by making arrangements for training of officers. The decision to constitute Planning Boards, Planning cells and other agencies would remain a paper decision unless adequate attention is paid to the building of a cadre of persons who can undertake this new task of planning at the State and lower levels.

### Why District Planning ?

District as a unit of planning offers better opportunities for land-use and man-power planning; it may also evoke more effective popular participation. Such planning should be now easier after the establishment of Panchayati Raj Institutions.

### Who Ineffective Up To Now ?

The main reasons for ineffectiveness have been : (i) lack of adequate efforts to work out an appropriate methodology for planning from below; (ii) ambiguity as regards the scope of district planning; and (iii) the absence of proper personnel to undertake this responsibility.

### Suggested Remedies

The Districts should be given in advance a firm indication of the magnitude of resources available from the State. Incentives may also be given to the Districts for attempts at additional resource mobilization. Apart from insisting on a minimum effort for the development of social services, the District Planning Agencies

should be given a greater degree of freedom to decide their own programmes of development. The scope of the District Plans should be mainly confined to programmes which have to be evolved in view of the nature and magnitude of local resources. A District plan should be an integrated one for the rural as well as urban areas.

### District Planning Machinery

For the present, we do not consider it practical to think of establishing planning machinery at levels lower than the District.

Normally, Planning and Development Officers at the District and lower levels should be continued in their jobs for about five years. These officers should be kept in their posts for sufficiently long periods to enable them understand the problems of an area and to establish rapport with the local population.

Each District should have a whole-time Planning and Development Officer and his responsibility should be to coordinate all planning efforts in the District. Special efforts should be made to involve non-official institutions and individuals in the process of planning.

### District Planning Committee

The District Planning Committee should have the representatives of the Panchayats and Municipal Committees and a few professional experts available in the District.

The size of the District Planning Committee should be kept small so as to ensure effective participation by its members; it should meet at least once in two months. The District Planning Officer should be the Secretary of this Committee.

### Planning Personnel

Frequent transfers of Planning personnel should be avoided and for that purpose, if necessary, proforma promotions may be given to officers.

The State Governments and the State Planning Boards would have to pay special attention to the provision of adequate training facilities for District Planning Officers and other Planning Staff.

### Regional Planning

Coordination agencies may be set up for a number of districts where there are either major projects or programmes covering them or there exist a number of common problems.

### State Development Council

For regular consultations between the Districts and the State Planning Agencies, a State Development Council may be instituted. The Council should meet at

least once a year to review progress and discuss the problems of planning in the State.

The task of plan formulation and implementation has to be undertaken at different levels and the coordination of work at these levels is of considerable importance. Though the subject 'economic and social planning' is included in the concurrent list of the Constitution, the Centre has uptill now not attempted to use its legal authority to impose its will on the constituent units.

In the process of planning upto now, the States have recognised the leadership role of the Planning Commission. Because of the changing conditions, the Planning Commission will now have specially to prove that it can provide guidance and advice in the field of development planning as an independent expert agency.

The Centre-State coordination of planning efforts would be considerably helped by the establishment of the State Planning Boards.

The Planning Commission should continue to indicate the broad national objectives and the availability of resources, internal and external, to each individual States.

#### The Finance Commission

The main consideration before the Finance Commissions, for deciding the quantum of financial assistance from the Centre to individual States, has been pro rata sharing of the divisible pool of finances on the basis of population. Grants-in-Aid have been increasingly used to help the State Governments to bridge their budgetary deficits.

#### Plan Assistance

The magnitude of Central Plan Assistance is usually decided after discussions between the Planning Commission and the Individual State. An important part of the Central Assistance was related to the extent to which the State accented Central directions regarding State plans and programmes. In addition to Central Assistance, there have been a number of centrally Sponsored Schemes.

The share of Central Assistance in a State's Plan outlay has been larger in the comparatively less developed States of the country.

#### Method Of Distribution

No one method of distribution of Central Plan Assistance can be evolved with universal support. Each State would plead for a basis which would give it a larger share in Central Assistance. But the general dissatisfaction of the States need not be taken as an excuse to shelve aside the very objectives for which Central Assistance has been thought of. We do not think that any one formula can help to solve the pro-

blem and to achieve the objectives for which the Central Assistance should be used.

The instrument of Central Assistance should be consciously used for the following objectives :

(i) Ensuring adequate mobilization of physical and financial resources for the plans ;

(ii) Influencing the size and priorities of the State Plan so as to ensure that the State Plan is not worked out in isolation and without adequate attention to the national perspective ;

(iii) Reducing inter-State disparities ; and

(iv) Securing a minimum rate of economic growth and social transformation in the States.

The objective of ensuring additional mobilization of resources by the States has not been achieved on the scale desired and required in future, the Planning Commission should use this instrument more effectively for impressing upon the States the need to raise adequate resources on their own.

While determining the size of a State's overall plan outlay and the magnitude of Central Assistance, the Commission should take note of the level of economic activity in the State.

We hope that even after the States have established State Planning Boards, the Commission would provide a broad sense of direction to the States. But it should not unduly influence State Plan priorities through the mechanism of Central Assistance, as it has tended to be in the past every now and then.

We suggest that Central Plan Assistance may be tied-up only to the main Heads of Development and not to individual programmes and schemes at the time of the Five Year Plan formulation. The precise schemes manner of staffing and other details should be left to the State and lower authorities to decide for themselves. Also the number of Centrally-sponsored Schemes should be brought down to a minimum.

The composition of Central Assistance to the States in terms of grants and loans may be determined broadly on the basis that grants are to be made for programmes which are related to welfare or are promotional in character and from which the State Governments would not receive immediate increase in revenue. For projects and other such investments, Central Assistance should only be in the form of loans.

The agency administering plan loans to States should ensure that the States are completing projects according to the time schedule and are not diverting Central Assistance for purpose other than the agreed one.

The actual administration of Central Assistance should be the responsibility of the Central Government and not that of the Planning Commission.

## Programme Advisers

The institution of Programme Advisers was well conceived but has not worked in the manner as hoped. There has been a high rate of turnover and little consistency regarding the selection of officers or the allocation of States among different Advisers.

The Programme Advisers have not always been kept well informed of the thinking in the Planning Commission on crucial issues. The Commission members have not always taken care to avail of the help of the Programme Advisers when visiting or having discussions with the States. All this has reduced the effectiveness of the office of the Programme Adviser.

Programme Advisers would continue to provide a useful instrument for liaison between the States and the Planning Commission. It would be advantage to have more than one State under each Programme Adviser. The grouping of States under a Programme Adviser should be done on semi-permanent footings. It is not necessary that a Programme Adviser should not be given charge of the State to which he belongs. The basis of this grouping should be continuity and homo-

geneity of conditions and problems.

The Programme Adviser should have the status of an Additional Secretary to the Government of India. The officers for appointment to this post should be selected on considerations of their suitability for this position and they need not necessarily be from the I.C.S. or the I.A.S. cadres.

The Programme Adviser should be given a competent aid to look after each State under his charge. This officer should be of the status of a Deputy Secretary to the Government of India and his headquarters should be in the State under his charge.

The Programme Advisers should be closely associated with the thinking on the strategies and policies relating to State Plans.

The Programme Advisers should make an attempt to spend four to six weeks, spread over the year, in each State under their charge. It is also necessary to ensure that they keep in touch with each other and with Planning Commission.

Financial powers may be delegated to the Programme Advisers only to the extent necessary for the Centrally-Sponsored Schemes.

## ADMINISTRATIVE REFORMS COMMISSION, STUDY TEAM ON CENTRE-STATE RELATIONSHIPS, 1966—REPORT

Delhi, Manager of Publications, 1967. (3 Vols.)

**Chairman :** Shri M.C. Setalvad.

**Members :** Shri M. Bhaktavatsalam; Shri Hitendra Desai; Smt. Tarakeshwari Sinha; Shri P.C. Methew; Shri R. Gupta.

**Member &  
Director of**

**Studies :** Shri N.K. Mukarji.

### APPOINTMENT

The Administrative Reforms Communication Constituted the Study Team on Centre-State Relationships on May 17, 1966.

### TERMS OF REFERENCE

(i) The realm of planning and development, with particular reference to the growth of Central Agencies handling concurrent and State List Subjects;

(ii) Other spheres, with particular reference to the

needs of national integration and of maintaining efficient standard of administration throughout the country.

In addition, as explained in the introduction, the Team undertook to examine financial relationships as without a study of these no meaningful examination could be conducted of the total subject of Centre-State relationships, and particularly of that aspect that dealt with the realm of planning and development.

### CONTENTS

**Vol. I :** Financial Relations between the Union and the States; Centre-State Relationships in the Sphere of Planning and Development; Centre-State Relationships in Sphere other than Planning and Development. **Vol. II—** Appendices from 1 to 41; **Vol. III—**Special Appendix—Studies of Seven Central Agencies; Small Scale Industries; Minor Irrigation; National Co-operative Development Cooperation; Animal Husbandry including Dairy-



## RECOMMENDATIONS

### Devolutions

The work of allocating and distributing shareable taxes and that of determining grants-in-aid under Article 275 to States in need of assistance are district functions and should be separated by entrusting the latter to the Planning Commission.

The present unit in the Plan Finance Division of the Ministry of Finance which has made considerable headway in the collection and analysis of data relating to State Finances should be strengthened. This unit should form the nucleus of every Finance Commission's Secretariat;

Either a Special Finance Enquiry Commission or the next Finance Commission may examine the question of widening the base of devolution and of prescribing the shares of divisible taxes in the Constitution itself.\*

### Loans And Indebtedness

Central loans to States like their share of small savings and ways and means of advances which are not tied to any specific purposes may continue to be given to the States as at present.

Loans to States for re-lending purposes should continue a category by themselves and made repayable on existing terms and conditions.

No change is necessary in the existing procedures for non-plan loans earmarked for re-lending. As regards plan loans, a block Amount should be loaned to a State for re-lending in a particular year, after assessing its broad lending requirements according to its plan. Loans for crucially important programmes may be issued in a tied form so that they are utilised only on these programmes.

Capital assistance for specific purposes should not finance expenditure booked in the revenue section of the accounts of a State.

A financially productive scheme, plan or non-plan, should be eligible for an interest-bearing non-repayable loan. The State should have the option of repaying the whole or a part of the loan at any time. It should also have the option of taking a repayable loan on the usual terms, instead of a non-repayable loan.

Financially productive schemes included in State Plans should be identified. Keeping in view the main purposes of such schemes, minimum rates of financial return, and where possible, upper limits for the capital and maintenance expenses as also norms in regard to

cost of execution should be prescribed.

Pattern of loan assistance for the above schemes should be evolved. Such assistance may be tied to individual schemes or groups of schemes. Productive schemes should not be prescribed for grant assistance.

The Planning Commission, in consultation with the Ministry of Finance and other Central Ministries concerned, should survey and examine State Plan Schemes continually with the object of identifying productive schemes, laying down new standards and bringing up-to-date the existing ones.

The Centre should decide what types of productive schemes should come up to the Centre for scrutiny before loan assistance is allowed for them.

A Non-Plan Scheme, before being sanctioned, capital assistance should be classified as financially productive or non-productive as the case may be and assisted accordingly.

Financially Non-Productive Schemes should be eligible for capital grants. These grants should be tied to the estimated capital outlay on the plan (excluding loans to third parties). Capital grants for schemes or groups of schemes considered crucial or of national importance should be tied.

There should be no need to write back capital grants to revenue in the accounts of the Central Government.

The device of the miscellaneous development loan should disappear under the proposed system of loan-financing.

The problem of dealing with outstanding Central loans to States as also the question of the setting-up of sinking funds for the amortization of debt should be referred to an expert body along with the issues concerning devolution. Possible terms of reference have been listed at Appendix 2.

### Non-Statutory And Non-Plan Grants

(a) The use of Article 282 for making specific purpose grants, plan as well as non-plan is constitutional;

(b) The marginal heading against this Article should disappear and the Constitution amended for this purpose.

(c) The use of Article 282 for giving non-plan grants to the States is inescapable in some instances and unjustifiable in others and should be guided by the principles suggested below.

(i) Re-imbursement to States of expenditure or schemes fulfilling a "Central" purpose should be treated as direct expenditure of the Centre and not as a grant under Article 252;

(ii) Repetitive development (e.g., prize competitions) should be included in State plans. Similarly, schemes which are eligible for inclusion in the plan (e.g., the

\*See Appendix 2



Indo-Norwegian Health Project, roads) should not receive Non-Plan Grants;

(iii) When the Centre wishes to persuade a State to take up or continue a scheme that should ordinarily be taken up by the State itself (e.g., Railway Safety Works), it does not appear to be correct in principle to offer financial inducement in the shape of grants. Such inducement has the effect of encouraging a sense of dependence on the Centre;

(iv) Scheme making a direct encroachment on the States' sphere for which the Centre has no responsibility should not be entered for grants under this Article;

(v) Non-plan grants, in addition to those under Article 275 of the Constitution, should not be paid to the States unless the grants are for :

(a) Helping them to shoulder a liability arising after the five-yearly assessment of non-plan needs has been completed, or to meet an unforeseen liability of a large magnitude;

(b) Assisting them to meet an indeterminate liability not taken into account at the time of the five-yearly assessment; and

(c) Fulfilling a commitment or assurance from the Centre to pay a grant to recompensate the State for the loss incurred by the State owing to any action of the Centre;

(vi) Non-plan grants should be subject to a quinquennial review and the decisions taken to continue or discontinue any or all of them should be intimated to the authority assessing the five-yearly non-plan needs of the States.

#### Planning And The National Development Council

All basic questions of planning policy, particularly those pertaining to goals and objectives, alternative frameworks, strategy and crucial sectors, should be placed squarely before the National Development Council in time and debated therewith;

The Council should give the highest priority to these basic issues to help arrive at a national consensus keeping the national good in view;

The Council should be assisted by a Standing Advisory Committee consisting of Official Advisers from each State, the Central Ministries concerned and the Planning Commission.

#### Central Assistance For Administering Plans In States

The system of attaching patterns of assistance to plan schemes should be discontinued altogether.

Re-appropriation should normally be permitted freely at the discretion of the States from one scheme to another and from one head of development to another.

The States should be given block amounts as Central grants with freedom to use these amounts according to

their discretion, except for the programmes of crucial importance. For programmes of crucial importance the concept of assistance should be systematically introduced and rigorously implemented.

The mechanism of the miscellaneous development loans should be abolished altogether.

With decentralisation, short-term evaluation will become particularly important to enable the Centre to work the mechanism proposed and also as a management tool for the States. Feed-back information on financial and physical achievements will have to be sent by the States and adjustments based thereon.

#### The Formulation Of Plans And The Scrutiny Of Schemes

The Central Working Groups and their sub-groups should invariably have representatives from the State Governments.

The Central Working Group should only lay down or locate the national needs, priorities and broadly the physical targets to be achieved. It should preferably not indicate or list individual schemes and it should be the function of the State Working Group to propose detailed schemes within the broad guidelines and framework suggested by the Central Working Group.

Every major department in a State should have an adequately manned planning cell headed by a senior officer responsible directly to the head for doing the work of planning on a continuous basis.

The departmental officers in the States should keep meeting their counterparts in the Ministries for the exchange and clarification of ideas regarding of future plans. Before the States Working Groups actually finalise their schemes, their accredited representatives should have more than one opportunity of discussing the schemes with the group or the sub-group at the Centre.

To enable them to perform their functions effectively :

(a) The officers constituting the group at State level should be freed from routine duties for a few months so that they can devote their entire attention to the formulation of the Five Year Plan;

(b) Where adequate expertise is not available with a particular State, suitable Technical Officers should be deputed to it for formulating and scrutinising schemes and for training local officers; and

(c) State Officers may be given training at the Centre, both on the job and through training courses.

Evaluation as recommended in another chapter should continuously be done and its results taken account of when formulating the plans;

The annual plan discussions should be confined to the determination of the size of the plan after taking into account the relevant factors and for this purpose

discussions with the Planning and Finance Secretaries and, at most, with one or two other Secretaries, may take place. The allocations between the different sectors could be settled by this small team in consultation with the Planning Commission.

During mid-term the Centre should, as a matter of convention, accept new schemes suggested by a State Government, as long as the scheme is of a developmental character. It may also be worthwhile to limit Central clearance to one authority, say, the Central Ministry, if the plan ceiling is adhered to.

The territorial jurisdictions of Programme Advisers are too wide and their number needs to be increased.

The following schemes should come to the Centre for prior scrutiny :

(i) New irrigation projects costing over Rs. 1 crore, for scrutiny in the prescribed form if the cost does not exceed Rs. 2 crores and for detailed scrutiny as at present by the CW & PC and the TAC of the Planning Commission if exceeds Rs. 2 crores. For schemes costing less than Rs. 1 crore information in the prescribed form should be sent to the CW & PC who need interfere only if there inter-State implications.

Flood control, drainage-anti-water logging and anti-sea erosion schemes on the same criteria same as irrigation schemes;

All schemes for the generation and transmission of power of the order of 33 KV or above.

All industrial schemes costing more than Rs. 25 lakhs.

All new schemes of technical education.

All schemes in any sector costing more than Rs. 5 crores.

Financially productive loan schemes referred to in Chapter III and not covered by the above.

#### Evaluation

There should be a three-tier arrangement for evaluation consisting of a Central Evaluation Agency (CEA) under the Planning Commission, evaluation unit in each ministry and a strong evaluation agency under the Planning Department of the State Government.

The State evaluation agency, preferably headed by an officer on deputation from the Centres should be attached to the Planning Department and should evaluate major programmes in the States.

Each Central Ministry should be responsible for indicating to the Central Evaluation Agency the programmes in different States that should be evaluated and on which the association of an expert from the Centre is necessary. The ministry should also be responsible for sending a Technical Expert for this evaluation in different States;

The ministry should be responsible for evaluating

in conjunction with the Central Evaluation Agency, programmes executed by the Centre or Programmes of an inter-State character.

On the basis of the evaluation reports of all the States and of the Centre, the ministry should be responsible for bringing out an all-India Report of the evaluation of the individual programmes assessed.

The Central Evaluation Agency should be responsible for—

Obtaining the clearance of the National Development Council to the programmes to be assessed by itself in conjunction with the Central Ministry and thereafter evaluating them;

Indicating the essential programmes to be evaluated by the different State Governments by their evaluation organisations after obtaining the clearance of the National Development Council;

Co-ordinating the phasing out of the evaluation programmes where experts from the ministries are to be associated in consultation with the ministries concerned;

Test checking, at its discretion, programmes already evaluated by the State Agencies;

The training of personnel for evaluation organisations in the States/Ministries;

All reports of evaluation conducted by the State Planning Unit should go to the Planning Department of the State, the departments concerned in the State, the State Legislature, the Planning Commission, the Ministries Concerned and the Central Evaluation Agency. Reports of evaluation conducted by the centre will go to the Planning Commission, the ministries concerned, the States concerned and will also be placed before Parliament.

#### The Role Of Central Agencies Dealing With Matters In The State And Concurrent Lists

The Central Agencies should concern themselves only with items of work listed below :

(i) Serving as a clearing house of information intimating details and data about good programmes and techniques adopted in one part of the country to the rest of the country ;

(ii) Undertaking the responsibility for drawing up the national plan for the development sector in question in close collaboration with the States, and developing for this purpose well-manned planning and statistical units ;

(iii) Undertaking research at a national level, confining attention to matters which are beyond the research resources of States or which have a national importance ;

(iv) Taking the initiative in evaluation programmes with the object of checking progress, locating bottle-

necks, taking remedial measures, making adjustments and so on ;

(v) Undertaking directly activities or schemes which cater to regional or All-India needs ;

(vi) Undertaking experimental projects ;

(vii) Undertaking co-ordination with foreign governments and of programmes executed in agreement with them ;

(viii) Undertaking training programmes of a foundational nature, e.g., training of planners and administrators and training of trainers and assisting the States in other ways in developing their administrative and technical capacity ;

(ix) Effecting co-ordination among different State Governments ;

(x) Generally providing initiative and leadership by involvement in the items listed above and, in particular, providing a forum and meeting ground for State Representatives for the exchange of ideas on different subjects and for the evolution of guidelines and taking follow-up action on the decisions taken in seminars and conferences convened by the Centre ;

(xi) Undertaking all works relating to foreign exchanges ;

(xii) Dealing with matters relating to the Union Territories ;

(xiii) Dealing with All-India voluntary or autonomous organisations (as distinct from such organisations at the State or lower levels) ;

(xiv) Dealing with all works connected with the constitutional or statutory obligations of the Central Government ; and

(xv) Parliamentary work.

Everything else should normally go out, mostly by delegation to the States.

All other works should be decentralised to the States, especially that relating to actual schemes.

The criteria to be followed for the inclusion of schemes in the central sector should be as given below ;

(i) The scheme should inevitably have All-India or inter-State administrative implications and should be such as can administratively be handled only Centrally ; or

(ii) The scheme should be an experimental one to be made applicable to other States if the results are successful. It should continue as a Central scheme only as long as it is experimental ; or

(iii) The scheme should be a model one. Here Central functioning should ordinarily find expression in Union Territories only as otherwise a means would again be made available for the Centre to start encroaching on the State sphere.

A distinction has to be made between experimental schemes where the Centre acts as innovator and other

schemes which can operationally be run by the Centre only. The principle here needs to be propounded that in the latter category of schemes, while the actual operational tasks may be undertaken by the Central Organisation, payment should be made for them by the States benefiting. This is necessary to ensure that schemes taken on by the Centre at present with the cheerful concurrence of the States, are really beneficial and pass the only objective test of being considered so by their clients. This will ensure that there is no empire building and that no schemes are thoughtlessly put on the ground. Although the principle does not so require in practice a distinction may be observed between training schemes of a foundational nature and other training schemes.

At this developing stage it should be the role of the Centre to encourage, at its own cost, the strengthening of weaker development departments in the States and for this purpose foundational training undertaken by the Centre i.e., training of planners, training of trainers should be considered as a legitimate charge on Central Government Funds. Other trainings undertaken by the Centre for operational reasons should invariably be paid for by the States in the form of capitation fees or in any other way.

Central ministries should take special steps to strengthen their counterpart organisations in the States.

The role of the Central Ministries as guide, planner and evaluator needs more attention.

The criteria mentioned for the Central Ministries should also be applicable to the autonomous organisations created by them.

The ministries concerned should give earnest consideration to the recommendations made in the study reports in Volume III.

Studies similar to those in Volume III should be conducted in the other departments/divisions concerned.

The import of Entry 33 in List III relating to the production of foodstuffs needs to be clarified.

### Statement Of The Problem

Article 217 should be amended to dispense with the need to consult the Governor in the appointment of judges.

The memorandum of Procedure should be so amended that :

(a) While it should be open to the State executive to express its own opinion on a name proposed by the Chief Justice it should not be open to it to propose a nominee of its own and forward it to the Centre ;

(b) The role of the State Government should be confined to commenting on the Chief Justice proposal,

the comments being restricted to :

- (i) The local position of the candidate ;
- (ii) His character and integrity ;
- (iii) His affiliations.

The State Government may, on the basis of these comments, suggest to the Chief Justice to make another proposal but the suggestion should not be binding.

As far as practicable, one-third of the number of judges of a High Court should be appointed from outside.

The case for the appointment of the Chief Justice of a High Court should be initiated by the then Chief Justice's proposal.

In the matter of appointment to the office of Chief Justice of a High Court, the seniority of the serving judges should be only one of the considerations and not an overriding one. If the senior-most judge is not considered suitable, the choice may fall on a suitable senior judge of another High Court.

A serving officer should have at least five years' experience as a District Judge before being considered for appointment to the office of a judge of a High Court. Article 217 (2)(a) should be amended.

#### Public Service Commissions

The Chairman and members of a State Commission should be appointed by the President in consultation with the Chairman of the Union Public Service Commission and the Constitution should be amended accordingly.

The procedure for appointment should be the same as the present procedure of appointment for judges of the High Court, the Chairman of the State Commission playing a role corresponding to that of the State Chief Justice and the Chairman of the Union Public Service Commission playing one corresponding to that of the Chief Justice of India.

The President should by regulation prescribe the qualifications for official and non-official members of the Commissions.

An official member should be a person who has served in the Government of India or under a State Government for at least 10 years and held the office of Secretary to Government or Head of Department under a State Government or an office equivalent in rank under a State Government or the Government of India or the principal office in an institute of higher learning.

A member drawn from the non-official category :

(a) Should be a graduate in Arts or Science or should hold an equivalent degree ; and

(b) Should be or have been a bonafide practitioner in any of the following professions for a period of ten years ;

- (i) Education ;
- (ii) Medicine ;
- (iii) Science, Technology and Engineering ;
- (iv) Law ;
- (v) Accountancy ;
- (vi) Administration, Public or Business.

The subject "determination of standards/qualifications in the appointment of members of State Public Service Commissions" should be made a Union or Concurrent subject by amending the Seventh Schedule to the Constitution. In the alternative a consensus should be developed.

As far as possible one-third of the members of a State Public Service Commission should consist of persons belonging to another State.

The age of retirement of members of State Commissions should be raised to 65 and the Constitution be amended.

The Union Public Service Commission should keep in constant touch with the States and their Commissions and give guidance to the latter.

#### The Conduct Of Elections

A Regional Commissioner should be appointed for a temporary period of six months or so for a group of neighbouring States.

The status of the Regional Commissioner should not be lower than that of the Chief Electoral Officer.

He should be drawn upon from outside the State executive and there should be no objection to appointing retired officers. Article 324 (4) of the Constitution should be amended to provide for his appointment by the President "on the recommendation of" rather than "in consultation with" the Chief Election Commissioner.

The Regional Commissioner should be delegated such powers under the Representation of the People Act to intervene in the conduct of elections, as the Election Commission considers fit. The Act should be amended to provide such powers to Regional Commissioners.

The following special functions should be performed by the Regional Commissioner :

(a) scrutiny of list of polling stations before they are notified by the Election Commission ;

(b) Making a final decision regarding the rejection of nomination paper by a Returning Officer ;

(c) Withholding the declaration of elections results when such a step becomes necessary.

To strengthen the counting procedure and to avoid mischief at the time of counting of votes, section 66 of the Representation of the People Act may be amplified to provide for the appointment, if the Commission so thinks fit, of a new Returning Officer without consulting

the State Government.

The Canadian practice of a fresh count of votes, in the event of a challenge, by an independent authority before the announcement of a candidate's return to the Legislature, should be substantially introduced.

### Inter-State Water Disputes

The Inter-State Water Disputes Act, 1956 should be amended to—

(a) Provide for compulsory arbitration by a tribunal in the event of failure of negotiations by :

(i) Providing a time-limit of three years for meditation by the centre from the date of receipt of an application from a State for the reference of dispute to an arbitral tribunal ; and

(ii) Compulsory reference of the dispute to such a tribunal upon the expiry of this time-limit ;

(b) Out the jurisdiction of the courts altogether ;

(c) Provide for a three-member, instead of a single member tribunal, the Chairman being selected by the Chief Justice of India from among judges of a High Court or judges or ex-judges of the Supreme Court, and the two members being appointed by Government. By convention, the Chairman should select the two members from a panel prepared by Government ; and

(d) Empower the tribunal to set up a Fact-finding Commission.

It is not advisable as a matter of general policy to utilise Entry 56 in List I of the Seventh Schedule to the Constitution to pass Central Acts for an Inter-State river dispute regarding which negotiations do not yield any result.

The Government of India should be charged squarely with the responsibility for collecting data for Inter-State rivers, where disputes are likely to arise, and should set up data-collecting stations for this purpose.

Hydro-electric power should be considered as falling within the scope of Article 262 and the Inter-State Water Dispute Act. If it does not, similar legal arrangements should be made for it, utilizing Central legislative jurisdiction under the Current List.

### The All-India Services

The main objectives underlying the All-India Services remain valid today. The continued need for the Indian Administrative Service and the Indian Police Service is affirmed. The creation of other All-India Services, where feasible, should be welcomed.

If these services are to fulfil the objectives it is necessary for the right attitudes to be struck abroad. The States must accept these services as their own, the Centre must keep a vigilant eye to ensure their health and vigour, the members of the service must act in a

manner befitting the trust and responsibility reposed in them, the Government must discourage resentfulness in other services.

Policies concerning recruitment, training, deployment, discipline and other aspects of management should be such that they subserve the purposes for which the service are formed. An illustrative study of the IAS reveals many shortcomings.

The quality of IAS officers has deteriorated because of—

(a) Over-large recruitment and indiscriminate growth of cadres ;

(b) Imbalance in the structure and composition of the service causing a large scale deviation from original policies of recruitment ; and

(c) Diversion of talent to other spheres. This deterioration in quality must naturally also affect the morale of the service.

*For improving the quality of the service and policies of cadre management :*

(a) The cadres, and therefor recruitments, should be curtailed by excluding from the IAS cadres all generalist posts not strictly required to be manned by IAS officers and by following a flexible policy of staffing specialised and semi-specialised posts ;

(b) There should be more meticulous advance planning for personnel by the Chief Secretary ;

(c) The existing triennial cadre reviews should be replaced by annual reviews and a quinquennial assessment ;

(d) The entire scheme of reserving vacancies for Short-service Commission officers for the IAS should be reconsidered and if it cannot be abolished the limit on the vacancies reserved should be reduced from 20 per cent to 10 per cent ;

(e) The suggestions of the Study Team on 'Recruitment etc.', for having a special examination for first and high second class graduates and for effecting better publicity among and better liaison with university students should be accepted ;

(f) The upper age limit for eligibility to appear in competitive examinations should be raised from 24 years to 25 years ; and

(g) The scope of choice of optional subjects for competitive examinations should be expanded to include more technical subjects ;

Every direct recruit should be posted as Collector as soon after six years of service as possible.

Deployment policies should be so fashioned that an officer is enabled to specialise himself in a group of related subjects.

Over-utilisation of the Central deputation quota beyond a marginal extent should not be resorted to by the States to relieve bottlenecks in promotion in

their cadres.

Considerations of specialisation and of Central needs may require some modifications in the existing tenure principle.

Although flow between the Centre and the States can not be even at the higher levels, it should not be wholly one-sided and the States should be enabled to get some of their senior officers by the adoption of the following measures :

(i) There should be flexibility in the States of the post of the Chief Secretary so that it can be entertained in the scale of the Secretary to the Government of India ;

(ii) A State should be able to get back an officer out of a panel of its outstanding deputationists by negotiation with the Centre ;

(iii) A pool of officers should be maintained for posts, like Chief Secretary, Development Commissioner, and Finance Secretary which the States may be able to draw upon in times of need.

A pattern of training of probationers should be reviewed so that it serves basic professional needs.

The existing Advisory Council for the National Academy of Administration should be replaced by a smaller and more professional body.

In addition to the various refresher courses there should be specialised training in particular specialisations for which the officers are earmarked.

Training in the language of the State allotted should be given greater emphasis in the Academy and afterwards and incentives in the form of advance increments be given for attaining proficiency in them.

There should be an evaluation Committee consisting of Secretary (Personnel), one Chief Secretary, Director, National Academy of Administration and one Expert from outside, say, from one of the Institutes of Public Administration or Management to evaluate and review all the existing training courses to assess training needs and to evolve a concrete programme to meet these needs.

Provision should be made for voluntary retirement after 15 years, qualifying service on proportionate pension.

In the matter of allotment of direct recruits to northern States fair representation of southern candidates and vice versa should be ensured.

#### The Governor

Instead of treating the posts of Governors as sinecures, they should be given due recognition as vital officers in the federal structure. Systematic and careful search should be made to locate the best men and this should be done well in advance and not after a vacancy arises.

The present practice of consulting the Chief Minister before the Governor is appointed could remain but this should not dilute the primary responsibility of the Centre to appoint competent and suitable man.

The term of a Governor should not be more than five years. In exceptional circumstances such as the successor's illness etc. a three months' extension may be permitted. This principle should preferably be built into the Constitution.

No person who is appointed Governor should take part in politics after his appointment as such.

In order to provide Governors with an adequate information system :

(i) The Rules of Business in all the States issued under Article 166 should be reviewed with the object of tightening up the provisions which seek to keep the Governor well-informed;

(ii) No restriction should be placed on the movement of Governors within their States and any rule, practice or convention that constitutes an obstacle at present should be changed ;

(iii) There should be a well-manned secretariat with every Governor in which the key post should be filled from among officers of the Indian Administrative Services.

The existing practice of the Governors writing fortnightly letters to the President should continue and should be made more effective. When occasion demands the Governors may send ad-hoc reports to the President without the obligation of informing the Chief Ministers.

Apart from the fortnightly and occasional ad hoc reports, each Governor should make an annual report to the President which includes a review of the working of all key sectors of administration, excluding audit.

The Governors could by convention be voluntarily entrusted with the role in certain specific service matters.

#### An Inter-State Council

The report of the Commission should be sent to the States as soon as it is received by the Central Government so that they can be in readiness for discussions.

Before taking up the report as a whole, Government should take a decision of the recommendation contained in Chapter XIX regarding the establishment of an Inter-State Council.

The major policy questions raised in the report and affecting the Centre and the States should be discussed at the meetings of the Inter-State Council (or at Chief Ministers' conferences convened specially for the purpose, if it is decided not to set up an Inter-State Council) and decisions in principle obtained. Meetings to discuss the report should be convened within a reason-

able period, say three months after submission of the report.

At this stage, the Council will arrive at broad conclusions on basic questions, which should be identified in advance.

To make the Council's deliberations businesslike and conclusive, it will be necessary for the Governments to formulate their tentative views before the Council meets, and representatives should go to the Council with open minds.

The Inter-State Council should watch the progress of implementation which should be a standing item on agenda for its meetings.

The Department of Administrative Reforms should be the agency for co-ordinating and overseeing implementation.

## Appendix 2

### Problems To Be Referred To An Expert Commission

#### A—Taxation And Tax Distribution

1. The Commission may examine the need for ;

(a) Prescribing percentages of shares of the Union and the States in respect of Income-tax and Union duties of exercise ;

(b) Prescribing general principles and criteria for the distribution among the States of their shares of the Central levies mentioned in Articles 269, 270 and 272 of the Constitution, listing the factors that should be taken into account in applying these principles and criteria and laying down the weightage to be given to each factor.

(c) Widening the base of devolution by making one or more Central taxes (in addition to the taxes referred to above) shareable between the Centre and the States, and in particular assigning a share to the States of the net proceeds of Income-tax paid by companies (now classified as Corporation tax) as also of the net proceeds of a surcharge on Income-tax levied for a period of more than three years.

(d) Further exploiting the taxes mentioned in Article 269 of the Constitution.

2. The Commission may investigate the effect of the combined incidence of each State's Sales tax and Union duties of excise on the production, consumption or export of commodities or products, and the adjustments to be made in the State's share of Union excise duties if

there is any increase in the State's sales-tax on such commodities or products over a limit to be specified by the Commission.

The Commission may make recommendations on the possibility of extending the scheme of replacement of Sales-tax by additional duties of excise to other commodities particularly the following :

- (i) Paper ;
- (ii) Rubber goods ;
- (iii) Glass and glassware ;
- (iv) Steel products ;
- (v) Mineral oils.

The Commission may also examine the likely impact of such substitutions on the revenues of the affected States.

The Commission may make recommendations on all or any of the matters listed above.

#### B—Outstanding Central Loans To States And Creation Of Sinking Funds By States For The Amortisation Of Debt

1. The Commission may make a comprehensive survey of the investments made by each State with the help of Central loans and, on this basis, determine what portion of outstanding Central loans can be treated as utilised for : (a) re-lending purposes ; (b) financially productive schemes ; and (c) non-productive purposes.

2. The Commission may draw up a repayment programme for the portion of the outstanding Central loans to be treated as utilised for re-lending purposes.

3. The Commission may likewise draw up a repayment programme for the portion of the outstanding Central loans utilised for financially productive schemes. Alternatively, it may consider the conversion of such portion into interest-bearing no-repayable loans.

4. For the portion of the outstanding Central loans which have been utilised for non-productive purposes, the Commission may evolve a scheme for its liquidation and suggest an equitable apportionment of the burden of liquidation between the Centre and the States.

5. The Commission may examine the advisability and feasibility of creating sinking funds for loans, including market loans.

6. The Commission may estimate the impact of the above measures on the resources of the Centre and the States.



# ADMINISTRATIVE REFORMS COMMISSION, STUDY TEAM ON SCIENTIFIC DEPARTMENTS, 1966—REPORT

Delhi, Manager of Publications, 1970. 130p.

Chairman : Shri D.K. Kunte (replaced by Prof. M.S. Thacker).

Members : Dr. Atma Ram; Dr. S. Bhagavantam; Shri Arvind Mafatlal; Shri K. P. Mathrani; Prof. M.G.K. Menon; Dr. Vikram Sarabhai; Shri H. N. Sethna; Dr. M. S. Swaminathan; Dr. K. L. Wig.

Secretary : Shri Rajendra Pal Singh.

## APPOINTMENT

The Study Team on Scientific Departments was constituted on May 19, 1966 by the Administrative Reforms Commission

## TERMS OF REFERENCE

"The Study Team will, in regard to the subjects allotted to it, ascertain facts, locate the principle problem areas, examine solutions for the problems and suggest such of them as they would recommend for the Commission's consideration."

Since these terms of reference were of a general nature, and in the nature of a directive, the Team discussed in detail the scope of its activities, taking into account the views expressed by Late Shri H.C. Mathur, M.P., Member, Administrative Reforms Commission concerned with this area, who addressed the first meeting of the Team. The Team agreed that its studies would cover :

(i) Scientific Departments/Institutions/Organisations/Laboratories engaged in "Pure and applied research and development" in the natural sciences ; it was agreed that the fields of agriculture, engineering, medical sciences and similar inter-disciplinary areas involving such research and development works would come within its scope of study.

(ii) Only administrative and organisational aspects (Model-Constitution, decision-making at various levels, delegation of powers, personal recruitment and management, budget and financial controls, relationship with relevant Ministries etc.) will be covered, the aim would be to suggest administrative and organisational reforms to achieve efficiency in scientific output.

## CONTENTS

Introduction ; Administrative Reorganisation, Major Scientific Departments ; Administrative Reorganisation ; Isolated Scientific Departments ; Administrative Reor-

ganisation : Supra-Ministerial Level ; Personnel Aspects ; Financial Administration ; Procurement of Stores and Equipments ; Industrial Research ; Summary of Recommendations ; Appendices I to V.

## RECOMMENDATIONS

### Introduction

The recommendations in this part of the Team's report relate to both the five major scientific organisations, viz., the Atomic Energy Commission, the Council of Scientific and Industrial Research, the Defence Research and Development Organisation, the Indian Council of Agricultural Research and the Indian Council of Medical Research, as well as the 'isolated' departments of science working under various Ministries.

### Administrative Reorganisation—Major Scientific Departments

The general organisational pattern which the Team recommends for the five major scientific organisations has to be elaborated and adapted appropriately in each case taking into account the history, present structure and such other aspects, as are relevant to each organisation. These further details will have to be worked out by the ministries concerned before this pattern can be implemented in full.

Since the development of science and technology and its application for economic and social changes is a complex problem, the evaluation and choice of policy relating to science and technology must be done by a group of specialists in various involved input disciplines, who should shoulder joint responsibility for the ultimate decision taken. This body will cover a wide front of scientific/technological activities and will have under its purview several large and small scientific departments/organisations/laboratories which have an inter-related or a common scientific background and interests.

In the case of major scientific departments/organisations it is essential to have a high level policy-making body, primarily consisting of scientists/technologists, with a broad perspective of the overall area of activity and be headed by a scientist/technologist. It should be a compact body normally not exceeding ten persons and include persons concerned with non-technical aspects of decision-making, such as, administrative/financial/indus-



trial/sociological.

In several of the major scientific organisations the existing apex body is rather large in size for truly detailed and meaningful discussions. If this body were to be continued, it should be retained as a General Body, meeting once or twice a year for ratifying and according formal approval to the programmes put before it; and a small compact group (say, an Executive Committee) constituted on the lines of, and to act as, a Policy-making Body should be created for such major scientific organisations.

The Policy-making Body may have Advisory or Consultative Committees and also constitutes ad-hoc competent staff advisory groups on specific matters.

There is a need for formulating in precise terms tasks of each of the five major organisations and their constituent laboratories under their character.

Since the evaluation is a necessary element in any dynamic situation, the tasks of "internal" research evaluation should be specifically assigned to the Policy-making Body. Arrangements, however, have also to be made of an "external" evaluation of scientific achievements of an authority other than the Policy-making Body.

Each organisation should take steps to off-load as much basic research as possible to universities and university-like organisations by providing necessary finances if needed.

A clear distinction should be drawn between the decision-making involving broad perspective and policy, and the decision-making which relates to the actual implementation of programmes and formulation of policy in the area connected with these programmes.

The proposed Policy-making Body will concern itself mainly with determination of overall policy and priorities, the programmes to be implemented by its institutions/laboratories and allocation of budget, while implementation of the programmes will be the responsibility of individual laboratories/institutions. Each of these laboratories/institutions should have an Executive Council vested with necessary powers for speedy execution of these areas.

The Executive Council should consist of the Director of the laboratory/institution and other scientists in the relevant disciplines and should also include persons concerned with other aspects of decision-making, such as, industry, finance etc. Its composition should be individually determined by the Policy-making Body concerned, but as far as possible it should be a compact body of 6 to 8 persons. The members of the Policy-making Body can also be its members.

The Executive Council may have an outside person of standing and objectivity as Chairman rather than its Director, but all the institutions may not follow any ri-

gid rule in this matter.

Within the framework laid down by the Policy-making Body, the Executive Council should have the fullest freedom to proceed with the implementation of the programmes without further reference to the Policy-making Body or to the secretariat handling day-to-day administration on its behalf.

The head of laboratory/institution should be allowed the maximum degree of freedom to operate and to develop the creative initiative of the scientists, for which the existing pattern needs to be restructured with suitably relaxed conditions and operation flexibility. Delegation of powers must be carried out at all levels as a conscious act of policy.

The vesting of authority and power at various levels of the organisation must be simultaneously associated with the concept of accountability. The solution to the problem of misuse or wrong use of authority, however, does not lie in reducing autonomy all-round, but in selecting the right men to head the laboratories/organisations. Also the individual cases of misuse of authority should be appropriately dealt with. Effective steps should be taken for meaningful propriety audit of the individual scientist, group of scientists working on a project and the laboratory/institution as a whole.

The Model Constitution proposed by the Scientific Advisory Committee to the Cabinet and accepted by the Cabinet should be adopted very early by laboratories/institutions concerned with scientific research. (The features of the Model Constitution are contained at para 2.23 page 30 in the original report).

(a) The scientist/technologist who will be the Chairman of the Policy-making Body should be the Principal Officer in the ministry concerned and should have control over all aspects of administration (including financial) and directly communicate with the Minister.

(b) Shri D.K. Kunte and Shri K.P. Mathrani, however, do not agree with the recommendation contained in the earlier paragraph and are of the view that the Minister should have the benefit of advice at the top level of an officer, whether an administrator or a scientist, who is not directly concerned with the detailed working of the organisation, as otherwise the advice may not always be objective. Therefore, while the technical heads of these organisations will render technical advice to Government in respect of their organisations, they need not be given formal position in the ministry.

The responsibilities of the Secretariat should be confined to securing finances, issuing sanctions and coordinating with other ministries, and for these responsibilities the Secretariat may, by and large, continue with its normal divisions/sections and the staff, but it should function more and more on the 'officer-oriented' pattern.

The existing administrative organisation of the Ato-

mic Energy Commission, by and large, conforms to the pattern proposed by the Team.

The Governing Body of the Council of Scientific and Industrial Research might be retained as its General Body and a small Executive Committee with Director General, Scientific and Industrial Research as Chairman could be set up out of the Governing Body to function as the main Policy-making Body.

Each of the laboratories or a group of laboratories dealing with related subjects in the Defence R and D Organisation should be provided with an Executive Council.

A small Executive Committee with Scientific Adviser as its Chairman will, however, have to be set up to function as the main Policy-making Body. The Defence Research and Development Council with suitable modifications can function as an apex body of the Defence Research and Development Organisation.

The present Governing Body of the Indian Council of Agricultural Research may be retained as a General Body and an Executive Committee of the Governing Body may be set-up under the chairmanship of the Director-General of the Indian Council of Agricultural Research to function as Policy-making Body.

In order to make research and extension in agriculture responsive to each other and to produce a co-ordinated effect on agricultural production, an organisational arrangement should be worked out in which the Director-General, Indian Council of Agricultural Research, should participate in policy decisions relating to agricultural extension and development, and the responsibilities in the major areas of : (a) research, training and extension, (b) development and State liaison, (c) input production and supply and the agencies with responsibilities in these areas should be closely linked up in an organisational set-up, so that major policy decisions of good significance to Indian agriculture are jointly evolved.

The Director-General of Indian Council of Medical Research may be the Principal Officer in respect of medical/research in the ministry and directly communicate with the Minister. For other matters, such as, hospital services etc., the normal pattern of the Secretariat can operate.

The present Governing Body of the Indian Council of Medical Research may be retained as a General Body of the Indian Council of Medical Research and a New Executive Committee should be constituted to function as a Policy-making Body under the chairmanship of the Director-General, Indian Council of Medical Research. The existing Executive Committee should be abolished.

The Executive Council of the proposed pattern should be set-up for each of the six laboratories under the Indian Council of Medical Research.

The All-India Institute of Medical Sciences, New Delhi and the Institute of Post-Graduate Medical Education and Research, Chandigarh should be given full operational authority needed for dynamic functioning.

An administrative strategy should be evolved for ensuring an effective use of the meagre financial resources allotted for medical research by carefully delineating a few of the major health problems such as family planning, mal-nutrition, communicable diseases, contamination of food and water supplies etc., which merit high priority and also by concentrating their research around the best men available. In working out a detailed administrative set-up the Director-General of Indian Council of Medical Research should be enabled to participate in policy decisions relating to the application of medical research.

#### Administrative Reorganisation: Isolated Scientific Departments

The "attached" or "subordinate" office status is not suited to scientifically-oriented "isolated" departments which merit special set-up.

The 'isolated' scientific departments should be given adequate operational autonomy and scope for individual initiative and creativity.

Agreeing with the recommendation of the Administrative Reforms Commission made in their report on "Machinery of the Government of India and its Procedures of Work", the Team suggest the integration with the Secretariat of the ministry concerned of the Heads of the Scientific and Technical Departments whose activities are of developmental character and include sizeable programme and planning, coordination and review on behalf of the ministry concerned, these. Heads when taken into the Secretariat should function without any change in their status or designation except that they should have enough powers. Coordination at the ministry's level would be the responsibility of the Secretary of the ministry concerned. The Heads of scientific departments thus integrated with the Secretariat should be the members of the Policy Advisory Committee proposed by the Administrative Reforms Commission for each ministry.

Each scientific department or a group of small research units or laboratories should be provided with a Departmental Policy Committee with the composition and functions similar to those suggested in regard to Executive Councils of the constituent laboratories of the major scientific organisations.

#### Administrative Reorganisation—Supra Ministerial Level

The creation of a Ministry of Science and Technology as proposed by the Study Team on "Machinery of the Government of India and its Procedures of Work"

will divide operational responsibility for scientific personnel between the proposed ministry of Science and Technology and other ministries, which may give an erroneous impression that the proposed ministry has coverage over all areas of science and technology and that the areas outside this ministry's scope are not important.

The nodal functions proposed for the Ministry of Science and Technology could rather go to a high level Inter Ministerial Body composed of primarily of scientists and technologists. The Team welcome the reconstitution of the Scientific Advisory Committee to Cabinet into the Committee on Science and Technology as the central point of authority for science and technology.

There is the need for the 'generalisation' of science, so that it permeates every sector of national activity. For this purpose, science must be provided with its proper place in each concerned ministry of the Government.

The Committee on Science and Technology should have adequately staffed Secretariat, which should perform most of the examination and analysis work necessary for preparation of reports and for discussion on the COST.

The Committee on Science and Technology should include in its scope the responsibility of rational allocation of financial resources amongst the various sectors of science and technology in accordance with the present and prospective needs of the country.

The proportion of investment in science to G.N.I. should be gradually increased so as to reach the modest target of 1 per cent G.N.P., say, during the next 7 to 10 years.

An annual review of the outlays proposed for the fields of scientific research should be made with a view to examining whether the allocations are reasonable in the context of national goals and the appropriate machinery for such a review would be the Committee on Science and Technology, which should follow the procedure in this behalf.

According to Shri D.K. Kunte and Shri K.P. Mathrani, another responsibility which should devolve on the Committee on Science and Technology relates to the "external" evaluation of the scientific achievements of the organisations. The remaining members of the Team have their reservations with regard to the need for this type of 'external' evaluation, instead, they are of the view that the achievements of the scientific organisations should be evaluated by a group constituted by the Policy-making Body of the organisation concerned rather than by the Committee on Science and Technology.

The Committee on Science and Technology should be made more broad-based by including a member to

represent engineering technology and two members from the public life.

The COST should have Consultative Committees and Working Groups in clearly identifying broad problem areas and should also be able to constitute ad-hoc specialist panels to examine and report on particular proposals or problems.

The COST should maintain close and continuing contact with the Cabinet as a whole and with the appropriate Cabinet Sub-Committees.

In order to discharge its responsibility of "external" evaluation of scientific organisations as suggested by Shri Kunte and Shri Mathrani, the Committee on Science and Technology should set up a Board of Scientist Auditors composed of scientists of requisite status and possessing the broad scientific perspective of the areas concerned. The jurisdiction of this Board will cover all such scientific departments/organisations which are financed by the public fund. Evaluation reports of the Board of Scientist Auditors would be submitted by the COST to the Government for being laid on the table of the Parliament. The Board would be expected to examine each scientific institution at least once in two to three years.

The divorce between research carried out in laboratories and its application could be ascribed to the Directorate-General of Technical Development having assumed secondary functions concerned with import and capital issue licensing instead of promoting technical development resulting in lack of interaction between Council of Scientific and Industrial Research and the Directorate-General of Technical Development. To strengthen coordination, the Council of Scientific and Industrial Research alongwith the Directorate-General of Technical Development and National Research Development Corporation could be located in a new Department of Technology in the Ministry of Industrial Development.

Some members of the Team felt that Government give serious consideration at high level to the scientific research/industrial/technological activities which should fall within the purview of the Defence Ministry.

#### Personal Aspects

(a) Except Sarvashri D.K. Kunte and K.P. Mathrani other members suggested that all major scientific organisations should follow recruitment procedures evolved to suit their own needs and functions independent of the U.P.S.C. for the selection of scientific and technical personnel;

(b) Sarvashri Kunte and Mathrani are of the opinion that the procedures which are best suited for ensuring selection of the scientific talents should be followed by all scientific departments/organisations—big or small—

organised on departmental or autonomous basis. In their view, the U.P.S.C. should invariably be associated with the recruitment for scientific organisations which are financed from public fund.

With a view to further gearing the U.P.S.C. for the task of selecting scientific personnel Sarvashri Kunte and Mathrani suggest that U.P.S.C. should have two Scientist-Members more or less exclusively concerning themselves with the personnel matters of scientific organisations; the Secretariat of the U.P.S.C. should, similarly, have a wing devoted to the matters relating to these scientific organisations.

The recruitment procedure in respect of scientific personnel should be flexible enough to permit of waiving delays in receipt of applications and inviting well-qualified men for senior posts for interview even without their applications. Higher level posts should also be filled by invitation and not by interview.

Liberal use should be made of the existing provisions governing the contract appointments for filling in senior scientific posts.

There is urgent need for revising pay for scientists/technologists to bring them at par with any other national activity.

The agricultural scientists should be given attractive status commensurate with the special national significance attached to food and agriculture. There are certain anomalies in the pay scales at various levels between the different scientific organisations. These anomalies should be comprehensively examined and removed.

Non-medical staff members in medical institutions and colleges, highly qualified in bio-chemistry, biophysics, genetics should be equated in respect of salaries and attached privileges to the medical staff members of corresponding levels.

A comprehensive enquiry should be made in respect of the scientific scales and perquisites keeping in view the general principles explained.

Promotion prospects of scientific and technical personnel at all levels should be suitably augmented and related to their experience and attainments.

The scheme of merit promotion and advance increments of the Government of India should be implemented in all scientific departments forthwith. Limitations with reference to the total number of posts available for merit promotions in a cadre and the number of persons to be promoted in a year in such cadres should be fixed individually in respect of each department keeping in view the size of the department, the nature of its work, the number of scientists and technologists employed and their supply position in various disciplines concerned. The proposal of promotion or advance increments approved by the Selection

Board should not require detailed scrutiny in the ministry.

The scheme of career achievement for scientists should ensure that the scientist who is above average is not allowed to stagnate for want of higher post in the department/organisation and that the pay of the scientist is determined by the quality of his work. He should be promoted without having changed the nature of his job, if necessary.

Promotion in the scientific departments should be automatic up to a certain stage and should be allowed within a given range of time with the outstanding man getting it within the shortest time. Above a certain stage the normal selection based on the availability of posts can operate.

The form of Confidential Report given in Appendix V to the Report should be adopted for scientific and technical personnel of gazetted rank.

Provision should be made to permit scientists to carry over the corpus of their Provident Fund from one employment to another.

To ensure the carry over of superannuation benefits of scientists on change of employment, it is necessary to evolve a scheme on a national basis covering all scientists both in Government and non-Government institutions. All employers of scientific/technical personnel should be obliged to adopt the scheme and they should bear proportionate liabilities for the benefits based on the length of service with them.

The Head of a laboratory/institution/scientific departments should invariably be a scientist/technologist and should be assisted in his routine administrative tasks by administrators. At lower levels, creative scientists should not be deployed on non-scientific or non-technical jobs.

Despite the need for having technocrats at the top, diversion of top scientists to administration should be kept to the minimum. Senior scientists should take on, in rotation, administrative and organisational responsibilities which would promote a sense of active participation in the affairs of the organisation and also ensure that no scientist is loaded too long with non-scientific work.

Utility of an All-India Scientific Civil Service is doubtful. The need for providing stability and status to scientists can be met by the Team's recommendations. The status and stability of a scientist should, however, stem largely from his own work and the judgement of his peers rather than from statutory protection, i.e.:

(a) Scientists should be enabled to participate in free scientific discussion both in and outside the employing organisations or at any international community of scientists abroad. Rules governing the participation by the scientists in these discussions and seminars should

be sufficiently liberalised;

(b) Sarvashri Kunte and Mathrani, disagreeing with liberalisation of rules governing participation by scientists in the conferences etc., within India and outside and study leave, are of the view that this liberalisation will not only add to the financial liability but is also likely to be misused.

Unless the Head of an institution or a senior scientist has made an equal scientific contribution to the research, his name should not figure on a research publication of a junior colleague.

The restriction on forwarding the applications of scientists for other posts in the country should be minimised. The discretion in this respect should vest in the Head of the Institution.

#### Financial Administration

The budget of a laboratory/institution, after it is approved by the Executive Council and the Policy-making Body, should be considered by the Ministry of Finance as part of the over-all budget of the large organised areas of research and a budgetary allocation stipulated within the context of the country's resources in consultation with the COST.

Once the budget is passed by Parliament, the expenditure sanction should issue to each laboratory/institution. The Executive Council/Department Policy Committee should have full powers to operate on the budget without reference to any higher administrative body. The Executive Council again should have full powers to reallocate funds within the budget from any one revenue head to another and from revenue to capital but not from capital to revenue. The Council should further be able to delegate to the Director these powers of reappropriation.

The institutions should evaluate their performance and expenditure and the Policy-making Body should do likewise for the over-all areas under it with the help of the staff who understand cost-accounting once in every six months.

To avoid delays, proposals should be examined in the Administrative Ministry at the appropriate level and also taken up with the Ministry of Finance at a fairly high level.

Within their financial competence, the Administrative Ministries should act fully up to their responsibilities and the Ministry of Finance should encourage them to exercise their powers.

Unutilised amounts out of the budget grants at the end of the financial year should be re-granted provided such amounts do not exceed; say, 10 per cent of the grants.

The existing procedures of accounts and audit should be revised taking into consideration the special needs of

scientific institutions.

#### Procurement of Stores and Equipment

Except Sarvashri D.K. Kunte and K.P. Mathrani, the other members feel that the large scientific organisations/institutions/laboratories should be exempted from having to go through the Directorate General of Supplies and Disposals for procurement of stores and equipment and they should be allowed to set-up their own purchase sections.

Sarvashri D.K. Kunte and K.P. Mathrani feel that exemption of Scientific Departments from the DGS & D in the matter of procurement of stores and equipment is not a satisfactory solution and is fraught with certain ills. They suggest that the DGS & D should be strengthened with the requisite expertise, staffing support and organisational innovation and a separate Science Wing should be created to cater to the needs of the Scientific Departments in consultation with the DGTD and Central Scientific Instruments Organization of CSIR.

The procedures of the DGS & D should be reviewed with reference to the specific requirements of the scientific organisations and they should be rationalised and made flexible with the accent on speed and quality. A Standing Committee could be set-up to periodically review and watch the operations of the DGS & D procedures as applied to procurement of scientific organisations.

The Director should have powers to place indent to obtain from the open market equipment and stores up to a total value of Rs. 50,000 within the budget allocation under these heads according to the purchase procedures approved by the Executive Council/Departmental Policy Committee. Appropriate powers should be delegated to the Head of a group or a section within the laboratory to enable him to place indents for purchase of stores and equipment up to the limit of the budget provision for the group or section.

Consolidated indents may be prepared annually or bi-annually in the institutions which should fix the maximum limit of stock of each article generally not exceeding one year's estimated consumption and also the minimum stock of each store article.

A "Materials, Management and Inventory Control cell" should be set-up as part of the Policy-making Body/Policy Advisory Committee mainly to evolve purchase procedures and policies for the benefit of the associated groups of laboratories/institutions and to co-ordinate their purchasing activities.

Foreign exchange should be made available to scientific institutions on a liberal basis. The amounts asked for by the scientific institutions, if already scrutinised and approved by the Policy-making Body/Policy Advisory

Committee should be considered by the Ministry of Finance as block amounts, the specific details of which need not be gone into once again.

The Committee on Science and Technology can recommend on aspects of priorities and equitable distribution of foreign exchange.

The scientific institutions should be permitted to obtain licences for broader categories of items than normally issued for commercial/industrial purposes in order to give them the necessary flexibility in utilising foreign exchange allocations.

The procedure regarding allocation and release of foreign exchange to scientific and technological institutions should be rationalised on the lines suggested by the Team.

### Industrial Research

The Universities, the world over are the main centre of higher education and research; there is no reason why basic research in our country also should not be left to Universities. The national laboratories should, therefore, concentrate on research of applied nature.

The arrangement for screening of projects as well as for revising the charter of the laboratories so as to exclude basic research from their purview may be made.

It is essential that scientists employed in applied and industrial research laboratories acquire by working in 'user' industrial establishments for sufficiently long periods, the experience of actual industrial operations and practices involving economic and commercial considerations. The research-minded management of the industry should be invited to the laboratory for exchange of views both on problems of identification as well as on the direction of the research investigations. The arrangements should be pursued on a regular basis.

Arrangements should be made for involving the industry in the research work of the laboratories at the pilot plant, design and engineering and commercial feasibility stages.

It is essential for the laboratories to work for specific and articulated results to meet the needs of the industry. The physical location, organisational structure, competent of skills and liaison machinery of the laboratory should also be appropriately altered so as to ensure increased utility of the results of the research. The laboratories should also scale up as many of their research results as possible up to pilot plant stage.

The policy in regard to industrial development should be suitably revised for creating conditions under which industry will place increasing demand on research laboratories.

The man-power resources of N.R.D.C. should be considerably strengthened to enable it to discharge its complex responsibilities of specialised and technical nature.

It should also be allowed liberal allocation of financial resources for technological developments.

The N.R.D.C. should be located in the Ministry of Industrial Development.

Government should encourage by offering suitable incentives, the setting up of co-operative research associations for various organised sectors of industry keeping in view the scientific and technological needs of a particular industry and the capacity of and the likely response from the industrial units.

All of the laboratories of the C.S.I.R. which are highly user/commodity/product-oriented should be considered for conversion into co-operative research associations under a phased programme.

The efforts of the co-operative research associations in regard to the development research of import substitution should be financed out of the operating budget of the associations or from a special grant built-up from multilateral contributions.

The inflow of foreign technologies should be allowed consistently with the objective of building-up our own specialised knowledge and expertise. The collaboration agreements should be such as to encourage through every possible means the development of know-how which can, in turn, flow out. Necessary stipulation should be made in the collaboration agreement for the collaborator facilitating study of their know-how by the Indian scientists of a designated laboratory of the C.S.I.R. for this purpose.

The contractual obligations should be appraised and scrutinised by suitable committees. The best course, specially from the point of view of reducing the lead times is to purchase out-right the processes and techniques available abroad. Since the advantages involved in such purchases will be national, Government could consider making some arrangement for such know-how to be paid for on a Government to Government basis out of the aid or loan received from the country concerned.

The entrepreneurs should be given every encouragement to develop a scientific and technological innovation with indigenous material and expertise and the formalities relating to taking out a licence and the fulfilment of other requirements of Company Law should be waived or suitably modified.

## APPENDIX-I

### Scientific Policy Resolution

New Delhi, the 4th March 1958/13th Phalguna, 1879.

No.131/CF/57—The key to national prosperity, apart from the spirit of the people, lies in the modern age, in the effective combination of the three factors, i.e., technology, raw materials and capital of which the

first is perhaps the most important, since the creation and adoption of new scientific techniques can, in fact, make up for a deficiency in natural resources, and reduce the demands on capital. But technology can only grow out of the study of science and its applications.

The dominating feature of the contemporary world is the intense cultivation of science on a large scale, and its application to meet a country's requirements. It is this, which, for the first time in man's history, has given to the common man in the countries advanced in science, a standard of living and social and cultural amenities, which were once confined to a very small privileged minority of the population. Science has led to the growth and diffusion of culture to an extent never possible before. It has not only radically altered man's material environment, but, what is of still deeper significance, it has provided new tools of thought and has extended man's mental horizon. It has thus influenced even the basic values of life, and given to civilization a new vitality and a new dynamism.

It is only through the scientific approach and method and the use of scientific knowledge that reasonable material and cultural amenities and services can be provided for every member of the community, and it is out of a recognition of this possibility that the idea of a Welfare State has grown. It is a characteristic of the present world that the progress towards the practical realisation of a Welfare State differs widely from country to country in direct relation to the extent of industrialisation and the efforts and resources applied in the pursuit of science.

The wealth and prosperity of a nation depend on the effective utilisation of its human and material resources through industrialisation. The use of human material for industrialisation demands its education in science and training in technical skills. Industry opens up possibilities of greater fulfilment for the individual. India's enormous resources of manpower can only become an asset in the modern world when trained and educated.

Science and technology can make up for deficiencies in raw materials by providing substitutes, or, indeed, by providing skills which can be exported in return for raw materials. In industrialising a country, a heavy price has to be paid in importing science and technology in the form of plant and machinery, highly paid personnel and technical consultants. An early and large development of science and technology in the country could, therefore, greatly reduce the drain on capital during the early and critical stages of industrialisation.

Science has developed at an ever-increasing pace since the beginning of the country, so that the gap bet-

ween the advanced and backward countries has widened more and more. It is only by adopting the most vigorous measures and by putting forward our utmost efforts into the development of science that we can bridge the gap. It is an inherent obligation of a great country like India, with its traditions of scholarship and original thinking and its great cultural heritage, to participate fully in the march of science, which is probably mankind's greatest enterprise of the day.

The Government of India have accordingly decided that the aims of their scientific policy will be :

(i) To foster, promote, and sustain, by all appropriate means, the cultivation of science, and scientific research in all its aspects—pure, applied, and educational ;

(ii) To ensure an adequate supply, within the country, of research scientists of the highest quality, and to recognise their work as an important component to strengthen the nation ;

(iii) To encourage, and initiate, with all possible speed, programmes for the training of scientific and technical personnel, on a scale, adequate to fulfil the country's needs in science and education, agriculture and industry, and defence ;

(iv) To ensure that the creative talent of men and women is encouraged and finds full scope in scientific activity ;

(v) To encourage individual initiative for the acquisition and dissemination of knowledge, and for the discovery of new knowledge, in an atmosphere of academic freedom ; and

(vi) In general, to secure for the people of the country all the benefit that can accrue from the acquisition and application of scientific knowledge.

The Government of India have decided to pursue and accomplish those aims by offering good conditions of service to scientists and according to them an honoured position, by associating scientists with the formulation of policies, and by taking such other measures as may be deemed necessary from time to time.

## APPENDIX--IV

### *Scheme of Automatic Promotions*

The Study Team would like to illustrate in the Appendix a scheme of automatic promotions based on performance rating. The scheme is intended to cover purely research and development posts of all the cadres in scientific and technical departments/organisations (Positions with supervisory and administrative responsibilities will lie outside this scheme since for such cases some selection system related to the availability of posts will have to operate). The scheme is illustrated with reference to Defence R & D Organisation.



The Defence R & D Organisation has the following categories of posts :—

1. 350-25-500-30-590-830-35-900  
(Junior Scientific Officer) Purely Research/ Development Appointments.
2. 400-40-800-50-950 (S.S.O.II)
3. 700-50-1250 (S.S.O.I)
4. 1100-50-1200-100-1500 (P. Sc.O),
5. 1300-60-1600-100-1800  
(D.C.S.O.) Junior scientific Appointments, requiring scientific, administrative and organising skill.
6. 1600-100-1900 (Director II) Higher scientific appointments, requiring administrative and organising skill.
7. 2000-100-2500 (Director Grade I and Chief Scientists)

Officers in the 4 grades upto Grade 4 above are assigned by the Scientific Adviser on the basis of academic qualifications, experience and field of specialisation to any one of the many disciplines, (special subject), covered by the organisation. Officers are borne on separate rolls, grade-wise (according to seniority), in each subject and their promotions are regulated on the basis of seniority in the particular discipline. According to the existing system, promotions up to Grade 4 above are based on the availability of posts in the particular discipline in which the scientist is working. Posts in grade above Grade 4 are normally filled up by promotion on the basis of overall seniority and job requirements. In other words, at present, an officer in Grades 1,2,3 in particular discipline will, for his promotion, have to depend upon the pyramidal size of the set-up and the availability of posts in his discipline. This means that the chances are not equal in different subjects and this inequality affects the morale of the officers adversely.

The existing position can be modified as explained herein the First four grades should be treated as a single entity and may, for example, be designated by the term 'scientist', the individuals will be in any one of the four pay scales indicated. A scientist who is appointed to the Grade I should automatically be moved to Grade 2 after a fixed number of years that may be prescribed. Similarly, he should go into Grade 3 and Grade 4 after fixed periods that may be prescribed. Such a system will ensure automatic advancement upto a certain stage without having to depend on the availability of posts in particular field. In otherwords, Grades 1 to 4 will be treated to a certain extent as though they correspond to a single time scale. A maximum time interval will be given for movement from one grade to another. An 'outstanding' man classified and accepted as such by the Departmental Promotion Committee (DPG) will be able to go from one grade to another much quicker than

others.

We show in the Table below, a time structure for promotion, purely to indicate the type of scheme envisaged :

| Promotion |         | Years required for promotion |               |              |
|-----------|---------|------------------------------|---------------|--------------|
| From      | To      | Outstanding                  | Above Average | Average Good |
| Grade 1   | Grade 2 | 2-3                          | 3-4           | 5            |
| Grade 2   | Grade 3 | 3-4                          | 4-5           | 7-8          |
| Grade 3   | Grade 4 | 4-5                          | 5-7           | 10-12        |

If the scheme operates as indicated in this Table, a person joining the organisation at the age of say 23 can hope to get Rs. 1100 in, say, 10 years if his work borders on outstanding in 12 to 15 years if he is above average. A normal average person can get Rs. 1100 in, say, 22 to 25 years.

The scheme will ensure definite prospects which will not depend, up to a certain stage, on the availability of posts in a particular discipline; it ensures more or less equal opportunities to scientists working in different disciplines based only on their capacity and mental calibre. There will be no tendency to manipulate seniority by arranging transfer from one subject to another with a view to advancing one's position in the seniority list. The proposed scheme in effect amounts to bestowing the benefits of a Scientific Civil Service without the rigidities inherent in such a service. Officers need not also be unnecessarily transferred from one discipline to another thereby ensuring that projects are not jeopardised due to posting of officers. Such a system would also ensure that there is no demand for enlarging the number of posts in a particular discipline only because a particular specialist is stagnating. The scheme implies that every scientist once recruited will reach a salary level of Rs. 1500; the only variation will be in the time taken to reach it. The work of the scientist will be assessed annually as objectively as possible on the basis of the entries in his confidential report.

On the lines indicated above the scheme can be prepared for each of the scientific departments. A basic promise of the scheme is that in any cadre the number of "outstanding" and "Above Average" will not normally exceed something like 10 per cent and 25 per cent respectively of the actual strength. This limit of number in a cadre "Outstanding and Very Good" will place an automatic limit on the number of promotions that can take place in a particular cadre in a year. Of course, the trend of report-writing, after the introduction of the scheme, has to be watched. If the number of "Outstanding" and "Very Good" increases, a limit could be fixed within which promotions could be made after the D.P.C.



has suitably moderated the annual reports.

This scheme, it may be observed, seeks to achieve the same objectives as are sought to be fulfilled under the existing promotion practices of the Atomic Energy Department which are based on un-written rules and traditions evolved with time.

#### APPENDIX—V

(Please read notes for guidance given at the end of the form)

##### Confidential Report

(For all scientific and technical personnel of gazetted rank).

Report on \_\_\_\_\_ Section \_\_\_\_\_  
For the period from \_\_\_\_\_ To \_\_\_\_\_  
Date of Birth \_\_\_\_\_  
Date of entry into Department \_\_\_\_\_  
Date of posting to present section \_\_\_\_\_  
Date of appointment to present grade \_\_\_\_\_  
Date of acquiring present salary \_\_\_\_\_  
Present grade \_\_\_\_\_  
Present salary \_\_\_\_\_

(To be filled in by the officer reported upon).

##### 1. Academic Qualifications :

Including membership of professional institutions. Underline any qualifications obtained during the period of this report.

##### 2. Note on Attainments during the year under report.

(Nature of work on which the officer has been employed during the period of this report. List any publications issued during the period other than routine report. Quote reference number only in the case of secret reports. Reference may be made here to any particular achievement outside the scope of his official duties).

(To be filled in by the Reporting Officer).

##### 1. Comments on the note on Attainment.

##### Present Assessment

Please tick appropriate markings. Mark only qualities of which you have first-hand knowledge.

| Outstand-<br>ing   | Above<br>Average | Ave-<br>rage | Below<br>Average | Unsatis-<br>factory |
|--|------------------|--------------|------------------|---------------------|
| 1. Intellect   |                  |              |                  |                     |
| 2. Professional ability                                    |                  |              |                  |                     |
| (a) Theoretical ability and capacity for interpreting data |                  |              |                  |                     |
| (b) Experimental or practical ability                      |                  |              |                  |                     |
| (c) Originality in producing new and good ideas            |                  |              |                  |                     |
| (d) Technical judgement to discern the essence of          |                  |              |                  |                     |

the problem and to select the best line of attack

- (e) Power of expression orally
- (f) Power of expression in writing
- (g) General professional knowledge

##### 3. Administrative ability

- (a) Administrative judgement and foresight
- (b) Readiness to take decisions
- (c) Organising ability

(d) Ability to lead and get the best out of subordinates

##### 4. Personal qualities

- (a) Personality and force of character
- (b) Initiative
- (c) Conscientiousness
- (d) Self-reliance

##### 5. Manipulative skill

(Note here particular skills)

(a)

(b)

(c)

6. Assessment of Integrity (If anything adverse has come to your notice, please specify it also).

Signature of the Assessor \_\_\_\_\_

Signatory's name (Block Capitals) \_\_\_\_\_

Designation \_\_\_\_\_

(To be filled in by the Reviewing Officer)

##### 1. Length of Service under Reviewing Officer \_\_\_\_\_

2. Do you agree with the markings of the Assessor? If there are any important differences between them, please comment.

3. Assessment of the Officer's overall worth in his particular grade irrespective of age

(Please initial and put a ring round the appropriate mark below and strike out whatever is inapplicable)

A-1 Exceptionally brilliant

A-Outstanding

A-Well above average standard

B-1 Good average man

B-The average man, reasonably competent but without special ability or initiative

B-Insufficient initiative and perception to work without constant supervision

C Indifferent but just worth retaining.

D Not worth retaining in the present grade

(If making is 'C' or 'D', you should comment fully under general remarks—paragraph 6)

4. Recommendations (Please initial and put a ring round the appropriate mark below and strike out whatever is inapplicable)

(a) Promotion to grade

(b) Number of extra increments recommended, if any

(c) Confirmation

- (d) Extension of his probation by
- (e) Termination of his service
- 5. What type of duties do you consider this officer best fitted for ?

Would he be fit? by a transfer to another job

6. General remarks by Countersigning Officer, including a note of any particular achievement

7. Has the officer been informed of any markings below "Average" with which you agree ? If he has not been, please say, why ?

Signature and date

Signatory's name in block capitals

8. Remarks by the Head of the Section

Signature and date

Signatory's name in block capitals

9. Remarks by the Director

Signature and date

#### (A) Note For The Guidance Of Assessors

1. The preparation of reliable reports on the staff is an exceedingly important duty. In fairness to the staff reported on, as well as on the interest of the smooth and efficient working of the Department, reports should be carefully and critically made. You should not discuss your assessment with anyone else except the countersigning officer, if he requires you to do so.

2. Do not feel obliged to mark under every heading; some of the headings may be inapplicable. Do not attempt to guess any quality which you have not been able to judge at first hand; in such cases make no

marking at all.

3. Do not be afraid to give low markings if they are deserved. No one can hope to be equally good in every way and some low markings may be justified, even for the most brilliant.

4. Markings should not take account of age.

#### (B) Notes For The Guidance Of The Reviewing Officer/ Head Of The Section

1. A complete report is normally to consist of this for with at least one assessment form.

2. The assessment forms must be completed by officers who are at least one grade higher than the officer being assessed; they should have first-hand knowledge of him and his work. If it is impracticable to find two assessors who fulfil these conditions, only one assessment form need be completed.

3. The assessors should work independently and must not consult in any way. No reference should be made to previous reports.

4. The reviewing officer should be preferably two grades higher than the officer assessed and wherever possible, a member of the appropriate professional, scientific or technical class.

5. In his own interests the officer must be informed of any marking below average, unless this would be unwise because (a) he is ill, or otherwise upset; (b) (when marked 'as below average') he is unable to correct the deficiency.

## ADMINISTRATIVE REFORMS COMMISSION, STUDY TEAM ON PUBLIC SECTOR UNDERTAKINGS, 1966—REPORT

Delhi, Manager of Publications, 1967. 342p.

Chairman : Shri Ravindra Varma.

Members : Shri P.R. Ramakrishnan; Shri P. Venkatasubbiah, Shri Kripal Singh; Shri R.C. Dutt; Major General Sardanand Singh (Retd); Shri Prakash L. Tandon; Shri T.S. Raja.

Secretary : Shri Naresh Chandra.

May 20, 1966.

#### TERMS OF REFERENCE

To ascertain facts, locate the principal problem areas and examine solutions for the problems and suggest such of them as they would recommend for the Commission's consideration.

#### CONTENTS

Introduction; Forms of Organisation; Organizational Structure and Management Boards; Parliament and

Public Enterprise; Government and Public Enterprise—Government Control—Government Machinery for Co-ordination and Control—Reports and Returns; Planning of Projects; Construction; Personnel—Top Management—Personnel Management—Industrial Relations; Financial and Material Management—Financial Management—Materials Management; Financial Matters and Pricing—Financial Matters—Pricing; Audit; Appraisal of performance; Method of Work; Summary of Main Conclusions and Recommendations.

## RECOMMENDATIONS

### Introduction

#### Forms of Organization

It is not possible to single out any one of the three forms of organizations, viz., departmental undertaking, Government company and public corporation as the only one suitable for the administration of all types of public enterprises and under all circumstances.

The form of the departmental undertaking is unsuitable for the type of industrial and commercial enterprises covered in the Report.

The principal defects generally attributed to the Government company form are outlined in paragraph 2.6.

The pattern of Public Sector in India when compared with the pattern prevailing in some of the foreign countries reveals two important distinctions. First, instead of setting up the public undertakings as statutory corporations, or under the control of such corporations, the company form has been adopted in India. It is only in India that Government seem to have adopted the method of running companies by directly holding shares in them. Secondly, no single integral public authority has been created in India for a particular sector of industry and entrusted with the task of the general development of that sector including the running of undertakings in that sector and the setting up of new projects.

The rigidity of the statutes of the corporations that have been set up or the inadequacies of autonomy provided for in statutes is no reason to conclude that there are defects inherent in the conception of public corporations and that Acts of Parliament setting up public corporations cannot provide for flexibility.

\*For considerations detailed in paragraphs 2.15 to 2.19, the form of public corporation is the one that is best fitted for the commercial and industrial undertakings in the public sector. The form of public corporation has distinct advantages over that of the Government company. Government should implement the

declared intention of the first Industrial Policy Resolution in this behalf and adopt the form of public corporation as the general rule for the industrial and commercial undertakings in the public sector in India.

\*The recommendations with respect to different undertakings as classified in paragraph 2.21, are as follows :

(i) All public undertakings in the industrial and manufacturing fields should be entrusted to public corporations, each governing a number of operating units in the same area of industry. It would be advantageous to retain the company form of units in which there is an element of private participation but in such cases the State-owned shares held in the company should be owned not by Government directly but in the name of the public corporation.

(ii) The public corporation form is more suitable for undertakings falling in the category of public utilities and services. The statutes of existing corporations in this category should be revised with a view to ensuring that they are in accordance with the needs of autonomy and flexibility.

(iii) The company form is not suitable for promotional and developmental undertakings. Government may re-examine the desirability of continuing these undertakings as Government companies.

(iv) Since the commercial and trading concerns operate in competition with their counterparts in the private sector, there is perhaps some justification in retaining the company form.

(v) In the category of financial institutions, LIC is a statutory corporation. The two other undertakings, viz., the Export Credit and Guarantee Corporation and the Film Finance Corporation which function as lending agencies may continue to retain the company form.

A general review of the Companies Act and the applicability of its various sections to Government companies should be undertaken to identify provisions that have no relevance or significance in the case of Government companies and are merely resulting in the observance of irksome formalities. Government companies should then be exempted from the operation of such provisions under Section 620 of the Companies Act.

#### Organizational Structure And Management Boards

There is perhaps an advantage in having a Policy-making Board in the case of the smaller public undertakings. It is, however, injudicious to load these Boards with busy Government officials in an attempt to give representation to every Governmental Agency concerned with the operation of the undertaking. With the exception of a representative each of the adminis-

\*Recommendations of basic character has been marked with an asterisk.

trative Ministry and the Finance Ministry, the attempt should be to select members whose experience and qualifications will benefit the undertaking and who have adequate time and interest to do justice to their job of part-time directorship.

\*For considerations detailed in paragraphs 3.10 to 3.12, a few functional Directors must be included in every Board except for the very small enterprises. The superior authority or the Chief Executive should be recognized and respected, but the Chief Executive and the Heads of the different departments should realise that the success of an industrial or commercial undertaking depends on the ability of top management to function as a team. The controlling Ministry should scrupulously respect the superiority of the Chief Executive by abstaining from dealing directly with the functional Directors except with the knowledge and concurrence of the Chairman. In such a mixed type of Board the Chief Executive should be made the Chairman of the Board; but, if for some reason, it is found specially advantageous to have a part-time Chairman, the Chief Executive should be designated as the Vice-Chairman.

The establishment of a number of individual undertakings of varying sizes, very often, functioning in the same field of industry, has led to a fragmentation of the industrial effort in the public sector. It also exposes the autonomy of the public undertaking to the danger of erosion.

\*For the considerations set out in paragraphs 3.17 to 3.29, all the industrial and manufacturing concerns, except those under the control of the Ministry of Defence and the Department of Atomic Energy, should be brought under integral public corporations charged with the responsibility for coordinating the effort in the industry and for providing the direction, supervision and auxiliary services that individual units require.

The advantages that will flow from the setting up of the integral public corporations in the industrial and manufacturing fields are outlined in paragraph 3.24.

The running concerns in the industrial and manufacturing field of the Central Government should be regrouped<sup>†</sup> under integral public corporations. Similar possibilities exist in the case of the undertakings of the State Governments.

Certain multi-unit projects in the public sector at present have units which may more appropriately belong to a corporation other than the one being proposed for that multi-unit project as a whole. It is difficult to lay down any hard and fast rules for the location of these units as between the concerned corporations. Normally, the principle should be to entrust such units

to the corporation set up in the field of industry to which they belong even though they may be forming a part of a complex under the purview of another corporation. Possible exceptions can be the projects that have been approved and established as integrants of a complex, essential for the economic viability of the total complex itself.

\*It will be necessary to ensure that the integral public corporations grant the maximum possible operational autonomy to the Project Managers. The principal functions that should be assigned to the public corporations should be as listed in paragraph 3.28.

The powers and duties of the responsible Minister in relation to the integral public corporations should be as stated in brief in paragraph 3.39.

A Policy-making Board composed mainly of part-time Directors will not be able to discharge the functions proposed for the integral public corporations. The Chairman of the corporation will necessarily require the assistance of a few competent full-time Directors so that he can devote his time and attention to the broad important policy matters. It will be appropriate to give each full-time Director a specific area of responsibility in which he possesses greater knowledge than his colleagues.

In the smaller undertakings, the Executive Head of the department may be the Director who bears special responsibility for the subjects dealt with by his department. But in the larger undertakings the full-time Director need not be made the head of the department or department coming in his sphere. A separate executive could be appointed so that the Director may remain free of the responsibility for the day-to-day management of the department.

Government representation on the Board of public undertakings should be restricted to one Representative of the Controlling Ministry and another of the Ministry of Finance. It should not be necessary to include the representative of the Government department which is the sole or the main consumer of the products of the undertaking. The requirement of consumer consultation can be taken care of by setting up Joint Consultative Councils.

It will not be appropriate to include a representative of the workers of the corporation in its Board of Directors. But it may be of advantage to have a non-official member who has had good and long experience of working in the trade union organizations as a member of the Board.

It would also be advantageous to have a few part-time non-official members who have proved their outstanding abilities in some areas of industrial, commercial or financial enterprises or administration. They should be men who have faith in public enterprises and

<sup>†</sup>See also Annexure V.

who do not have conflicting business interests with those of the corporations to which they are nominated.

\*The management organization below the corporation level should be left to be worked out by the public corporations so that the requirements of each industry and undertaking at each stage can be taken fully into account. The relevant Acts setting up the corporations should provide for consultation with the Government on this question.

\*It will perhaps necessary to retain the company form in certain cases, e.g., for undertakings not wholly owned by Government. With the setting up of the public corporations, the State-owned shares in the companies should be held by the corporation concerned, and not directly by the Government.

In sectors where it is necessary to have an element of private participation, including foreign participation, the project should still be set up through the agency of the public corporation, the corporation owning shares in the company in place of the Government.

In the case of smaller operating units, it may not be worthwhile to set up a formal Management Board. The overall responsibility can be entrusted to a single executive (General Manager) who will act as the agent of the public corporation. For the larger units, it will be advantageous to set up a Management Board or Committee under the executive orders of the corporation. There will be no need to have Government representatives on such Boards or Committees. In the case of the larger units the corporation may find it desirable and necessary to nominate one or two of its time functional Directors or heads of departments on the Boards or Committees set up at the unit level.

For many of the reasons detailed in the case of the industrial concerns, State Trading Corporation and the Minerals and Metals Trading Corporation should be merged. If the volume of work is considered unmanageable for a single corporation, a better way would be to have two Managing Directors for both the wings that may be created along the existing division of work but within a single company. On the same considerations, the management of the two hotels, viz, Ashoka Hotel and Janapath Hotel should be brought under the purview of the India Tourism Development Corporation.

#### Parliament And Public Enterprise

Although it is generally agreed that the scrutiny that Parliament exercises over the working of public enterprises should not extend to matters of day-to-day administration, it is extremely difficult to prescribe ready and infallible tests to determine in individual cases whether they are matters of policy or matters of day-to-day administration. The task can become somewhat easier if the objectives and the financial obligations of

public enterprises have been clearly defined by Parliament. In our view, any act or omission of an act which directly affects the fulfilment of the objectives and obligations of a public enterprise cannot be described as a mere matter of day-to-day administration. In the same way, all matters, except those which have a bearing on any established policy of Government either in relation to that undertaking or the public sector as a whole, should ordinarily be treated as matters of day-to-day administration.

\*The present criteria for the admissibility of questions can be made more specific to exclude the matters that Parliament itself has, by an Act, placed within the competence of autonomous corporations. This principle can also be extended to the Government companies as well.

The actual working of the rules and guide-lines laid down for determining the admissibility of questions depends considerably on the initiative of the Ministry concerned. The Ministries should be more vigilant in ensuring that what Parliament itself has excluded does not reappear due to oversight or neglect. The admissibility of question should be quickly examined first in the Parliament Secretariat and then in the Ministry, to bring to the attention of the Speaker, cases that attract the conditions for exclusion. They should also check whether similar information had not been supplied in reply to an earlier question.

It is difficult to say whether the method of inquiry that the Committee on Public Undertakings has adopted will continue to be the only method that the Committee would employ in all cases. It may well be that, the method that is now being followed has been chosen since it was considered the best method that could be employed in the initial years. At present, there is considerable reliance placed on eliciting information through detailed questionnaire. The managements of many Public Undertakings have observed that the meticulousness with which such detailed questionnaires emanating from a Parliamentary Committee have to be answered often imposed a heavy burden on them and sometimes resulted in the enquiry gravitating towards the area of day-to-day management.

For the reasons detailed in paragraph 4.16, the Committee on Public Undertakings may consider taking up a group of undertakings falling within one area of enterprise and bringing out one consolidated report on that public sector industry as a whole.

In the course of the examination of certain Ministries and general subjects, Parliamentary Committees other than the one on Public Undertakings, too are still going far into the area of public enterprise. With the setting up of a special Committee on Public Undertakings the scope and functions of other Committees of Parliament

may be reviewed and re-defined to avoid overlapping and duplication.

A few undertakings are already giving comprehensive information on their operations and future programmes in their annual reports, but there is room for greater selectivity in these reports. A majority of the annual reports give only sketchy information. There is insufficient recognition of the fact that one of the main purpose of the annual report is to enable Parliament to make an assessment of the efficiency with which an undertaking is being run. The guide-lines in this respect issued in 1962 are a little too general and they do not prescribe and specify form or suggest the necessary indications that may be adopted for reporting performance to Parliament.

The Bureau, in consultation with the Ministries and Public Undertakings concerned should work out a model form for the annual reports. The Bureau should also prepare standard operational indices that could be adopted by the different public undertakings to provide essential information. (The principal points that each annual report should contain are indicated in paragraph 4.21). The adoption of a common pattern of reporting and of standard operational indices will have the advantages outlined in paragraph 4.22

In preparing the consolidated Annual Report on the working of public enterprises, the Bureau should adopt a more systematic classification of undertakings and evolve and use standard indications for each major area of enterprise.

The effectiveness of the supervision by Parliament by whichever instrument is exercised, very largely depends on the quality of the information that is made available. In supplying information to Parliament, whether in response to questions from Members or questionnaires from the Committee on Public Undertakings, the attempts should be made to give full and imaginative replies and not literal and sketchy answers that leave a feeling of dissatisfaction.

#### Government And Public Enterprise

1. **Government Control:** There is a definite lack of uniformity in the kind and extent of powers reserved to Government, vis-a-vis, different public undertakings. The existing variations cannot always be explained on a rational basis. Government should lay down the principles that should govern the reservation of powers. A comparative review of the powers conferred on public undertakings to make appointments, to incur capital expenditure, etc., should be undertaken with a view to removing anomalies and ensuring that Boards of undertakings that are similar in size and nature have the same degree of autonomy.

There is a degree of confusion about the division of

responsibilities between the Government and the enterprise in the matter of public accountability, particularly in the case of Government companies. One of the advantages of the public corporation form is that it is based on a precise and statutory definition of the relationship between the Government and the undertaking, and provides for a clear-cut demarcation of responsibilities between them. This should be kept fully in view while drawing up the statutes establishing the proposed public corporations, and while framing rules and executive orders under these statutes.

A Secretary or other officer of the Ministry should not be made the Chairman of a Public Undertaking, and a Secretary of a Ministry/Department should not be included in the Management Board of the undertaking.

\*All appointments below the Board level should be made by the Board itself. In the case of Financial Advisers/Financial Controllers, the appointment should be made by the Board but in consultation with the Government.

The existing position regarding the powers enjoyed by the Boards of public undertakings for sanctioning capital expenditure should be examined with a view to making an upward revision in the case of the larger undertakings. With the setting up of the proposed public corporations there will be still greater scope for enhancing the powers of the Governing Boards in the matter of sanctioning capital works.

Where Government sanction the DPR with detailed estimates, the Boards acquire full powers to incur expenditure. However, in the case the sanctioned estimates have to be revised upwards by more than 10 per cent, the whole case has to be re-submitted to Government for re-scrutiny in detail. The range of 10 per cent should be raised to 15 per cent in view of the fact that there is almost always a general increase in prices between the time the DPR is prepared and the sanction is issued and work taken in hand. Moreover, the costs often go up for quite obvious reasons. In such cases, the whole proposal need not be re-examined, scrutiny should be confined to the specific item or element of the proposal in which the increase has occurred and the possible effect of such an increase on the profitability of the project.

\*Government should not reserve any powers in the matter of delegation of powers exercisable by the Board to the Chief Executive and other officers of the public undertakings, but should allow the Board full freedom to delegate powers to its Executive Officers. The Government will of course receive information about any delegation that the Board may decide upon and they can always make a suggestion or give a directive to the Boards in case they consider such a directive necessary and desirable.

Any suggestion from Government to a public under-

taking asking it to act in a manner other than that dictated on economic grounds should be in the form of an open directive and should be duly brought out in the Annual Report of the undertaking.

While it cannot be possible in all cases for a Government representative to commit his Ministry to a proposal at the Board meeting, the representatives of the Ministry should be able to have consultations and formulate the views of the Ministry on most of the matters appearing on the agenda even before they go to the meeting. If a determined effort is made at the Ministry, its representative can generally be in a position to speak on behalf of the Ministry at the meetings of the Board. The Ministry's official appointed as a part-time member of the Board should be fairly a senior person and not below the rank of a Joint Secretary.

The top management posts like those of the Chairman or full-time members should be filled by deputatists only when there is no suitable alternative. Where officers have to be appointed, only those who have experience of working in public undertakings of similar establishments should be selected. Officers selected for appointment to these posts should be asked to sever their connections with the parent service after such appointment. A similar course of action should be adopted in respect of the posts of General Managers and Financial Advisers of the large units.

\*The Chairmen of the proposed integral corporations should be accorded a status consistent with the requirements and importance of their functions, even though it may mean a status higher than that of the senior-most permanent civil servant. In the case of the larger integral corporations that may be created the Chairman should be given a status equivalent to that of the Governor of the Reserve Bank of India.

Governments should free the public enterprises from a larger part of the control they are exercising at present and concern themselves mainly with its larger aspects. By reducing the spread of Government control, which appears to be much larger than it need be, Government will be able to focus attention on vital and strategic points, and thereby ensuring a more effective compliance with their policies and directives.

**2. Government Machinery for Co-ordination and Control:** With the increase in the number of ministries dealing with different sectors of industry, there are now several ministries and agencies of Government which are concerned with different aspects of work relating to the public enterprises. This has led to the problem of coordination at various levels. Much of the existing multiplicity in this respect can and should be reduced by entrusting the work now being done by a number of agencies to an expanded Bureau of Public Enterprises.

The basic nature of the Bureau should be that of a

service agency. The primary responsibility for the efficient management of the enterprises rests on the enterprises themselves, and that for supervising their working and accounting for their performance to Parliament on the Ministries concerned. While the Bureau with its specialised experience can be of great assistance to the Ministries as well as the enterprises in discharging these difficult tasks, it would be harmful to duplicate the authorities responsible for these functions.

On the considerations detailed in paragraphs 5.28 and 5.29, the functions that should be assigned to the Bureau should be as given in Annexure III. The broad organizational set-up of the Bureau should be as outlined in Annexure IV.

An important task of the Bureau will be to indicate its role and prove its utility. The Bureau should act as a catalytic agent for promoting study and with the help of Department of Administrative Reforms, Institutes of Management and other specialised institutions, organize and encourage expert groups to study the special problems of the enterprises and work out solutions which could be adopted for general application.

In view of the functions proposed for the Bureau, it should be placed under the full-time charge of a senior officer, not below the rank of Additional Secretary, who has had experience of working in the public undertakings. In fact, the Bureau should ordinarily be staffed with persons who had had experience of working in the public enterprises.

For the considerations set out in paragraph 5.34, it will be more appropriate to retain the Bureau of Public Enterprises in the Ministry of Finance, even if a Department of Industrial Development is established on the basis of the recommendations made in interim Report of the Study Team on machinery of the Government of India.

A nucleus technical cell should be set up in each Ministry concerned with public undertakings to enrich the quality of the scrutiny and evaluation of feasibility studies and DPRs, to secure proper processing and utilization of the reports and returns submitted by the public undertakings, particularly of projects under construction and to expedite action on various proposals received from the public undertakings.

With the setting up of a properly staffed and expanded Bureau and the building-up of the management organization in the enterprises, it will not be necessary to set up an elaborate organization in each Ministry. With greater delegation of powers to the public enterprises, the workload in the controlling Ministries will be considerably reduced. It will be appropriate to set up only a nucleus organization in the Ministry since the type of staff required to build-up the organization of the Bureau, the various staff groups in the public enter-



prises and the technical cells in the Ministry, already scarce audit, will not be desirable to build up similar organizations performing similar functions, and yet multiplied and located at different places.

With the integration of undertakings into larger multi-unit corporations, it will be necessary to review their location under different Ministries. The general principle should be to locate a public enterprise on the functional principle, i.e., with the Ministry that is concerned with the development of that sector or industry. (This does not cover the undertakings of the Ministry of Defence). The grouping of Central Government public undertakings amongst different Ministries could be as indicated in Annexure V.

**3. Reports and Returns:** The existing system of reporting as between the public enterprises and the Government suffers from defects that have been outlined in paragraph 5.43.

Installing modern systems of management and information reporting within the enterprise will considerably simplify the problem of devising the proper method of reporting as between the public undertaking and the Government. If it is ensured that the required information, properly analysed, is available to the management, the Government will need very little information extra to that which is compiled and put up to the Management Board of the public enterprise. Therefore, the forms devised for presenting information to the Government and to the Management Board should, as far as possible, be identical.

An Expert Study Group should be set up for carrying out a more detailed examination of the reporting between the public undertakings and the Government. The Bureau should take action in cooperation with the COPP Management Division and the Ministries concerned, also enlisting the assistance of external consultants in this field. The information requirements of the controlling Ministries and other Government agencies should first be reviewed to avoid overlapping and to enable standardized returns to be developed.

The weekly and fortnightly reports that are at present in force should be dispensed with straightaway, unless required by law, or exceptional reasons exist for obtaining the information from an 'autonomous' body at such frequent intervals. Every controlling Ministry should periodically review the extent of utilization of these reports in order to cut out non-essential items of information and also to adequately strengthen their own organization for carrying out the required processing and analysis of information and for taking follow-up action.

#### Planning Of Projects

The main inadequacies and deficiencies in the plan-

ning of projects have been as enumerated in paragraph 6.16.

The memorandum on 'Feasibility Studies for Public Sector Projects' prepared by the Planning Commission (Committee on Plan Projects) can serve as a good blueprint and guide for the steps to be taken and the documents to be prepared before sanctioning a project.

For every project involving investment above a certain limits, say, Rs. 5 crores and above, a feasibility study should be prepared on the lines set out in the Planning Commission Memorandum on 'Feasibility Studies for Public Sector Projects'.

The present procedure for assessing demand through the constitution of working groups in the Planning Commission may be useful for determining Plan priorities or a national allocation of resources for different projects, but it is certainly not good enough for an investment decision. Before going in for additional capacity in the public sector the agency concerned should assess the demand for the product in all its aspects, viz., the effect of price on demand, the location, the pattern and time phasing of demand and the practical possibilities of selling the products in competitive conditions in India and abroad. The possibility that the new capacity that is proposed to be created in a public sector project may already be available in some other enterprises within the country should be fully examined in the feasibility study.

For projects not requiring foreign collaboration, the project scrutiny and subsequent Government approval to go ahead with the project may be based on the feasibility study report and applications for foreign exchange should also be disposed of on the basis of this report. Supplementary project estimates should, however, be prepared to take account of changes that might occur as a result of rise in prices, unforeseen circumstances and omissions or underestimations. The final release of funds should be authorized only after the preparation of the supplementary project estimates.

For projects where foreign technical collaboration is indispensable and when foreign collaborator is employed to prepare the DPR, Government or the public undertaking should prepare a feasibility study from the point of view of national economic benefits and the project approval should be based on this report. The DPR should contain adequate information on items indicated in paragraph 6.28.

The development of designing and consultancy capacity in the public sector has been hampered because a large number of independent public undertakings have been set up even in the same field of technology. Amalgamation of these enterprises under large public corporations will not only help building up of the necessary capacity but also in its fuller utilization.



The consultancy organizations within the country should be registered and classified according to their field of activity and their capacity. The Bureau in co-operation with the Ministry of Industrial Development and Company Affairs should undertake this work including the promotional measures necessary for building-up the consultancy services required by the public enterprises. The public undertakings should be encouraged and assisted to set up adequate designing and consultancy organizations.

The Bureau should be consulted on the availability of indigenous capacity and consultancy services in respect of each project for which the approval to the inter-Ministerial Negotiating Committee and Foreign Agreements Committee is sought.

Turn-key contracts should not normally be awarded to foreign collaborators. It might, however, be necessary to obtain the latest technical know-how in the event of recent advances having been made in a particular field even though it resulted in the award of turn-key contracts. In such cases, the foreign contractor should be required to supply complete drawings and designs including the net-work and the time schedule of construction and to associate Indian engineers with the erection work and train them abroad. The contract should also specify that the overall control of construction (including turn-key jobs) would vest in the project management.

In the case of inter-related projects, i.e., projects where the output of one constitutes the input of another a 'total systems' approach should be adopted to their conception and planning in order to reduce the total cost of implementation and avoid capacity created in one project from lying idle while another was being completed.

Once it is decided to go through the project, the Project Manager as well as the key personnel to be later put in charge of departments like construction, finance, production and personnel should be selected and associated with the process of planning the project.

The existing system of project evaluation and the scrutiny and evaluation of project reports have suffered from the defects outlined in paragraph 6.38.

Often projects are included in the Plan on the basis of only a preliminary project analysis and not after a detailed feasibility study. This gives the impression that such projects stand approved and sufficient effort is not, therefore, put in subsequently to complete the planning and evaluation of these projects. This has sometimes led to the approval of projects which were later found to be technically or economically unsound. Projects should not be included in the Five Year Plans unless the feasibility studies have been completed and found to be satisfactory on scrutiny. Wherever a

project is to be included without such a study, it should be mentioned solely as a national target and no mention should be made of the location of such projects so that it does not become a commitment on the part of the Government to stick to the location mentioned in the Plan even though later studies may reveal the unsoundness of the earlier proposals on location or size.

It is necessary to develop techniques for evaluating the return from projects in terms of national objectives, i.e., measuring the costs and benefits of a project from the standpoint of the overall economy and the development needs of the country. In principle, the criteria for evaluating a public sector project should be its national economic profitability as distinct from mere commercial profitability; but it would be essential to ensure against the possibility that ambiguity in defining national economic profitability and insufficient data may vitiate such an evaluation. The Government and the Planning Commission should evolve and lay down standard guide-lines that clearly define the criteria and the methodology for project evaluation from the standpoint of national economic profitability.

Substantial construction equipment, often imported from abroad, remains unutilized after the completion of the project for which it was procured, while new projects go in for the purchase of similar items for lack of coordination. With the setting up of multi-unit corporation a more rational and fuller utilization of expensive construction machinery will become possible as the corporation will be in a position to move this equipment from one project to another as and when requirements arise. In the meantime, the Bureau should draw up an inventory of the surplus or idle construction equipment with projects that have already gone into operation to enable its utilization in the projects still under construction.

Delays in construction result in direct increases in cost besides delayed realisation of benefits expected from the project. Proposals for funds, import clearance or matters effecting the flow of work on projects which are in an advanced stage of construction should be accorded the very highest priority by the controlling Ministry, the Ministry of Finance and the other Government agencies concerned.

Deviations from original cost estimates should be got examined wherever they appear to be appreciable. Quite often, the estimates are pegged at low levels in order to make a project look more profitable than it actually is. The compilation of detailed information about such deviations will help in making future estimates more reliable. Such information should also be communicated to agencies connected with the technical scrutiny of feasibility studies of similar projects.

During the construction of large and complex pro-

jects, managerial and engineering personnel acquire valuable experience and knowledge which could be usefully recorded in the form of a project's completion report. Arrangements for the ultimate preparation of the completion report should be provided for at the very commencement of construction, so that all the useful material at every stage of project construction becomes available for shifting, compilation and analysis.

Staff assistance to the Project Manager has been inadequate during the construction phase. There is considerable need for high level coordination and control to ensure the smooth progress of the work done by a number of contractors and agencies. A centralized staff group should be attached directly to the Chief Executive of the project.

The smaller undertakings have to face considerable problems acquiring and maintaining staff groups which though essentially required for greater efficiency they are not in a position to afford. They also have the problem of insufficient utilization of expensive construction equipment which after the construction phase is over becomes surplus. Similarly, a number of qualified technical personnel having experience suddenly find themselves surplus. To some extent, they can be absorbed in maintenance jobs in the same undertaking or in some other undertaking, but the experience gained by them goes waste unless by chance they find berths in a new project under construction. These problems may disappear or become much less acute when the large multi-unit corporations suggested by us are set-up for each industry in the public sector.

## Personnel

1. **Top Management :** The whole procedure for the appointment of the full-time as well as part-time members of the Board should be systematised. The Bureau can collect information on the qualifications and experience of those who can be considered for appointments to these Boards and maintain a register of persons with the requisite competence to function as full-time members of the Board. The procedure that is at present adopted by the Bureau can be further improved upon by associating some of the Chief Executives of important public undertakings with this work.

It takes time before an undertaking throws up sufficiently experienced and senior men to fill up directorships on its Boards. Till such time as this is achieved, it will be necessary to look out side the enterprise as well to pick out suitable persons who can be found from the body of Government servants, leading industrialists and businessmen and professional managers and specialists in the private sector. In fact, it is advantageous to introduce from time to time an outside element at the

top management level.

It is highly important that, while making appointments to the Board, preference is given to the officers coming from within the undertaking. For this purpose, a career development scheme and a definite ladder of promotion should be evolved in each undertaking. The smaller undertakings, that do not have enough promotion opportunities, should be offered the benefits of a common manpower scheme.

While appointing the representative to the Boards, the Ministries concerned should see that the persons nominated are not so burdened with the substantive work of the Ministry that they find it difficult or impossible to play a useful part in the Board's meetings.

Certain general qualifications should be prescribed for the part time non official members of the Board on the UK pattern. These qualifications can be experience of the industry or of industrial commercial or financial matters, applied science, administration or the organization of workers. The Chairman of the public undertaking should be consulted before the responsible Minister makes appointments to the Board except in the case of the Government representatives.

The existing schedules referred to in paragraph 8.6 should be revised so as to exclude all posts other than those of the Chairman and full time functional Directors of the Boards of public undertakings. The Bureau should continue to draw up panels of suitable names for these posts as a kind of service, there being no compulsion for the public undertakings to confine their choice to the names available with the Bureau. For the posts of Financial Advisers/Financial Controllers, it will be necessary for the Bureau to draw up panels of suitable persons to facilitate consultation, prior to appointment on these posts, between the public undertaking and the Government.

The salaries offered to the top executives in public undertakings should be approximate to the rate for the job or at least bear a semblance to those offered in the private sector. Salaries in the public sector should not be pegged to the scales obtaining in Government.

In the context of the proposals for larger corporations, the need for paying higher salaries to the Chairman, and full-time functional members of the multi-unit corporations will be all the greater. The Chairman of the proposed multi-unit corporations should be given a salary equal to that admissible to the Governor of the Reserve Bank of India (i.e. Rs. 4500 per month). The salaries for the full-time functional Directors of the proposed multi-unit corporations should be in the neighbourhood of Rs. 4,400 per month.

Frequent changes and long vacancies in the top posts as have often occurred in the past have to be

avoided. The situation will improve considerably when the deputation of Government servants on top posts becomes irreversible and the Management Boards are empowered to make appointments to all senior posts below the Board level. The Chairman and full-time functional members of the Board should have a fairly long period of tenure to enable the person appointed to make a significant contribution on the basis of experience gained in the undertaking. A period of 3 years should be regarded as the minimum for the Chairman and full-time members of the Board, and a period of not less than 3 years for the part-time non-official members.

**2. Personnel Management :** Public undertakings continue to depend on the Government services for manning the managerial and technical posts at the middle and higher levels. Analysis of data furnished by 29 undertakings relating to posts carrying a starting salary of Rs. 700 per month and above indicates that the percentage of posts held by deputationists was highest in the case of the finance and accounts organizations where it was 38 per cent. On the personnel and general administration side, the percentage was 33 and in the case of scientific and technical personnel only about 3.

While it is very important to develop managerial resources within the public sector, it has to be recognized that for some time to come, public enterprises, particularly new projects, will have to draw on deputationists for manning posts at middle and higher levels of management. It is, therefore, necessary to identify the more harmful features of the existing arrangements regarding deputation.

Whenever it becomes necessary to obtain officers from Government services the attempt should be made to encourage permanent absorption in the undertaking and avoid the situation where posts are manned by one deputationist after another. Service rules should be liberalised for facilitating the absorption of deputationists at any level in the service of the undertaking; in particular, rules should be amended to enable deputationists to sever connection with the parent department without losing the accrued leave, pension and other retirement benefits.

The period of tenure of the deputationists is often too short and does not enable the enterprise to derive the benefit of the experience gained by the deputationists. This term should, normally, be for a period of 4 to 5 years and it should be possible to review and terminate extreme cases of maladjustment at the end of the first year itself. To extend the term beyond 5 years may not be desirable as the officer will practically lose all touch with his parent department.

A difficulty in securing a sufficiently long-term of deputation is that an officer has little choice but to revert to his parent service if failure to do so would

result in his losing a chance of promotion in his own department. The existing rules and orders on the subject should be modified to enable deputationists to serve minimum to four-year period, extendible by a further year or so at the request of the public undertaking. In case an officer becomes due for promotion in his parent department, the undertaking should be given the option of granting him promotion in its own organization if it wishes to retain the officer's services.

A certain advantage can be derived from the system of deputation during the time for which it continues for lack of a practical alternative. The deputationists having good experience of working in the public undertakings will be better equipped to do their job in the Ministries concerned with public undertakings. This consideration should also be kept in mind by Government while making postings to the concerned Ministries.

\*The statutory corporations like Air India, IAC, etc. can frame or amend rules regulating the terms and conditions of service of their employees only with prior Government approval. This leads to undue rigidity. They should be exempted from having to seek prior Government approval in these matters. It is sufficient for the Government to lay down certain model rules which could be adopted by the undertakings to suit their individual requirements.

It is true that ensuring a certain degree of uniformity in the matter of allowances and retirement benefits is a desirable end, but enforcement of uniform pattern may neither be advisable nor practicable in view of the number and variety of jobs. The best way to ensure rationality and a degree of uniformity in these matters would be to provide information and expert guidance as an advisory service instead of insisting on prior Government approval or conformity with rigid guide-lines.

The Bureau should collect information from different public undertakings about the service conditions, rules, pay scales etc. and furnish it together with expert advice to all the public undertakings, the controlling Ministries and the Ministry of Finance. Government should thus, have no difficulty in ensuring that public undertakings did not adopt different scales of pay for the same kind of posts. In case any public undertaking goes seriously out of line without due justification, Government will always be in a position to correct the situation, if necessary, by the issue of a directive.

Government should ensure that every undertaking formulates and adheres to properly framed recruitment and service rules along the lines laid down by the Government.

It is neither necessary nor desirable to set up a Central Personnel Commission for the public sector.

Each public undertaking should be encouraged to formulate and implement suitable career development

schemes in which a phased programme of training at different levels is linked to a definite ladder of promotion.

It may not be a feasible proposition to revitalize the Industrial Management Pool in its original form.

The new pool scheme described in Annexure IX is an improvement on the old IMP scheme. It prescribes a more systematic method for the placement of pooled officers on uncadred posts in the public undertakings. The main advantage of the new pool scheme lies in the fact that it will associate chief executives of the public enterprises in the Advisory Committee entrusted with the implementation of the scheme and offer wider prospects to the employees of public undertakings by facilitating inter-undertaking mobility.

The problem of inadequate promotion opportunities would be considerably reduced with the setting up of large multi-unit corporations. These corporations will not only be able to offer wider prospects to their employees but also provide them with experience on a variety of jobs in the different units under their control. Even so, it will be desirable to have a common pool to meet the needs of such smaller public undertakings as cannot be grouped under any multi-unit corporation and also such of the undertakings of the State Governments who wish to participate in the new scheme.

Work relating to this scheme can be entrusted to the Advisory Committee suggested in the report (extracts from which are given in Annexure IX) which can function under the Cabinet Secretary and be serviced by the Bureau. The smaller public undertakings should be encouraged to take part in this common pool scheme so that they may be able to overcome the difficulties that they are experiencing in attracting and retaining suitable persons in their organizations.

In meeting the manpower requirements the problems which are special to public undertakings are generally those which are faced by the very large industrial and commercial concerns. In such concerns the top management have to be provided with highly qualified and expert staff groups in the fields of planning, finance and accounts, and personnel and labour administration. This puts up the demand for staff of categories specified in paragraph 8.54. As the public sector expands and the proposed multi-unit corporations are set up, the need for these categories of personnel will increase very rapidly.

At the instance of the Planning Commission and the Home Ministry most public undertakings have made a survey of their additional requirements for managerial and technical manpower for the Fourth and Fifth Plan periods. But since most of the undertakings do not have the necessary expert assistance to make fairly accurate estimates of the requirements for

the future, Government should have the assessment made by the public undertakings examined by a body of experts with the assistance of the Institute of Applied Manpower Research. A much more detailed assessment of manpower requirements is necessary to formulate a concrete training programme, particularly for the specialised branches.

Public enterprises need not assume responsibility for basic training in general management and training in professions which are required both by the public enterprises and private concerns. The existing training institutes can be more economically utilized for providing this type of training. Arrangements will, however, have to be made for in-plant training and induction of new recruits.

The Bureau, in cooperation with the Ministries concerned, should undertake a survey of the existing training facilities to help avoid duplication and identify areas where training facilities need to be extended or increased. The Bureau, together with the representatives of the Ministries concerned and the public enterprises should examine the curricula of training offered by different institutes to evaluate suitability of curricula to the requirements of the public sector and the quality of training imparted.

The training of specialists and technicians listed in paragraph 8.56 should be the special responsibility of the public enterprises themselves. In discharging this responsibility enterprises operating in the same field of technology can co-ordinate their efforts. This co-ordination will, of course, become automatic once a multi-unit corporation is set up in each field.

The draft outline of the Fourth Plan contemplates training programmes in management to be jointly sponsored by the Planning Commission and the Bureau of Public Enterprises, with a provision of Rs. 1 crore for the purpose. It should be possible to work out with the help of management institutes and specialised agencies concerned the possibility of running training programmes tailored specially to the requirements of the public undertakings. This work and the funds being provided for the purpose should be transferred to the Bureau.

Although over-staffing does exist in many projects, its extent and nature is yet to be fully analysed and assessed. Sufficient steps have not been taken so far to locate the areas of over-staffing and to produce the staff in those areas. Opportunities coming in the wake of expansion have not been fully utilized to absorb surplus staff. To some extent, this is due to the fact that new projects were generally set up as independent companies and not under the old running concerns.

The main reasons for over-staff have been outlined in paragraph 8.67.

To overcome the problem of over-staffing, the real need is to take the circumstances of each case into account and to work out practical solutions in consistent with the social obligations of the public undertakings. The adoption of proper standards and other control techniques is essential from the very beginning. After the situation goes out of hand, it becomes extremely difficult for management to retrench the staff.

In undertakings in which over-staffing has become chronic, it is necessary to have work studies undertaken by industrial engineers. Once the extent and areas of over-staffing have been identified, the subsequent absorption of surpluses during the expansion stage and the setting up of new projects will be facilitated. The immediate corrective steps already adopted by some undertakings, as described in paragraph 8.69, can be applied by other undertakings facing the problem of over-staffing.

The problem of surplus-construction staff is common to most industrial undertakings in the public sector, (See also recommendation No. 96.) The Bureau can maintain information regarding the expected dates of completion of various projects so that new projects could be advised of the possibilities of construction engineering personnel becoming surplus elsewhere. This will facilitate mobility and enable the absorption of potential surpluses. Greater use of the construction corporations in the public sector and all non-departmental agencies, wherever feasible, will also tend to reduce the problem of surplus of construction staff.

According to a study report (made in 1963), the problem of flight of personnel, was not a general phenomenon in the public sector as a whole although there were several undertakings where unplanned movements had taken place. The main causes for this movement were identified in the study report, as outlined in paragraph 8.71. The problem of staff turnover is not so acute in the case of non-technical personnel.

The problem of flight of technical personnel is being felt acutely in the Heavy Electricals, Bhopal (HEL), and to a lesser extent in the Neyveli Lignite Corporation, the IOC, the HMT, and a few others. In some cases engineers trained abroad at considerable expense by HEL were offered so much better terms by the private concerns that they left the HEL despite the liability to pay heavy penalty for infringement of the bonds that they had signed. To check this situation, the bond that the trainees have to execute, should be for a minimum period of 5 years, and in the event of infringement, should be rigidly enforced. The training programme should be linked to a definite ladder of promotions so that a person has an added incentive to stay on after the completion of training,

Some provisions should be made in undertakings like Neyveli Lignite, the IOC and HMT, which too are facing this problem, to enable at least a certain percentage of engineer-entrants to receive comparatively early promotions to the next higher grade, as soon as they have completed their training.

Generally, the personnel departments in public undertakings have been placed under officers on deputation who are often not professionally qualified. The status accorded to the department also varies from undertaking to undertaking. Personnel administrative should be recognized as a staff function of the highest importance and the department dealing with it should be equipped with the necessary expertise in industrial engineering, labour relations, manpower planning, etc., and attached directly to the Chief Executive of the undertaking.

**3. Industrial Relations:** The special responsibility of the management in the public sector with regard to labour matters should be clearly spelt out by the Government. It may perhaps be possible for the National Commission on Labour to define these special responsibilities.

It is most important for the management to have and to share a lively interest in the welfare of the employees. The promotion and training policies of public undertakings should be so devised so as to convince the workers of the interest that management has in developing their skills and qualifications and improving their prospects and standard of living. The 'model employer' concept should not be interpreted, particularly by the officers of the Government Labour Department, to mean that management is bound to accept any demand that any organization of workers may put forth. Nor should the 'model employer' approach be construed to mean that supervising officers would be expected to condone or be lenient to laziness, indifferent works or acts of indiscipline.

It is regrettable that deficiencies in the fulfilment of statutory obligations imposed on the management by labour laws are continuing despite the fact that Government have circulated model standing orders and grievance procedure for the guidance of the management.

Managements of the public undertakings should take steps to have their Personnel Managers trained in industrial relations and labour management and to strengthen their personnel departments in this respect. An officer who is professionally qualified or equipped with sufficient experience in labour management should be available at a senior position in the personnel department. The Labour Officer should have direct approach to the Chief Executive in case he felt that his advice was being unjustifiably disregarded by any line

of authority.

Officers entrusted with labour relations should not shoulder any direct responsibility in matters like recruitments, promotions and disciplinary actions against workers. As a rule, a separate section should be established exclusively for labour relations within the personnel departments of public undertakings. In the larger undertakings a separate department should be organised solely for labour relations.

The Ministry of Labour and Employment, which maintains a central pool of Labour Officers, should, in cooperation with the Ministries concerned, survey the anticipated requirements of undertakings, with a view to providing experienced men in larger numbers to the public undertakings and facilitating permanent absorption of experienced and qualified Pool Officers in the service of the undertakings. The Bureau can maintain a list of suitable Labour Officers to facilitate both their permanent absorption in the service of the undertakings as well as inter-undertaking transfers of these officers in suitable cases. Once a Pool Officer is deputed to an undertaking, the Ministry of Labour and Employment should not call for any direct reports from that office.

A fair degree of unanimity has already been reached on the conclusion that 'gherao' is not a rightful or a legitimate weapon in the armoury of the trade union. Agreements between labours and management should be arrived at through collective bargaining and voluntary agreements. The public enterprises represent social property and the managements act as the agents of the State, charged with the management of this social property in the collective interest. Therefore, 'gheraos' in the public sector are particularly incongruous and injurious. While taking the necessary measures to ensure that awards of Labour Tribunals, Wage Boards, etc. expeditiously implemented by the management, the Centre and the State Governments should take immediate and effective steps to check the spread of 'gheraos' in all the industrial units, whether in the public or the private sector.

While it may not be a practicable proposition to provide compulsory recognition of trade unions unless the employees and the labour organizations are agreeable too, it is important to devise a suitable machinery which will enable management to decide the conflicting claims put forth by rival unions. The procedure for the verification of union membership should be streamlined and made more effective.

The difficulty that trade union officials experience in collecting union dues should be viewed sympathetically by the managements. We hope that the National Commission on Labour may examine the relative merits of systems (like the 'check-off' system under which Union dues are collected by making deductions

from the wages) and others that have been adopted in other countries, and recommend practical steps.

There are advantages in applying uniform Labour Laws on all the establishments of the same public enterprise. For considerations set out in paragraphs 8.94 and 8.95, it would be advantageous to bring certain categories of heavy industries (indicated in paragraph 8.95) within the Central sphere for matters relating to the settlement of industrial disputes.

The attainment of higher morale, discipline and improved incentives largely depends on facilitating and developing communication within the enterprises. Communication does not merely consist of making available more factual information about the industry and includes certain positive aspects. Foremost is the need to install in the workers a sense of partnership and pride in the public enterprise and a sense of responsibility for its efficiency and well-being. It is also necessary to make the workers of public undertakings aware of the major problems that the country and industry are facing. This can be achieved by promoting greater understanding through an effective programme of education and training.

Managements should take Works Committee meetings as opportunities to inform the workers of their plans and difficulties and to explain the reasons for the changes being initiated. Due publicity should be given to the proceedings of the Works Committees so that the workers' representatives may feel more interested and responsible for what emerges from the discussion.

There are considerable variations in the expenditure incurred on various items of workers' welfare in different undertakings. It is not possible to lay down any rigid financial limits in this regard. However, Government should have the question examined by a Committee consisting of the representatives of a few selected public undertakings and the Ministries concerned to work out guidelines and norms for ensuring a certain degree of uniformity.

The association of workers in the management of enterprises can be an important means for maximising cooperation between the workers and managements. However, it is necessary to examine the extent to which workers' association can be accorded in the conditions that exist in our country. Public enterprises should take the lead in setting up joint consultative machinery and in working the joint management councils in proper spirit and perspective.

#### Financial And Material's Management

**Financial Management:** The budget should not be looked upon merely as an instrument that provides the basis for obtaining funds or as an instrument of control over those who are authorized to spend. It should



be viewed as a plan and a programme of action—an integral part of the management dynamics which enables the members of an enterprise to fix the responsibility for the use of resources, to project their ideas into the future and concurrently to look back and review the actual performance as compared with promises and intentions.

A comprehensive budget for the industrial and commercial enterprises should also use non-financial units, wherever desirable, and embrace the entire organization to cover inter-alia the range of budgeting activities enumerated in paragraph 9.8.

The preparation of the revenue budget should be taken as an opportunity to make a comprehensive and forward-looking review of plans and standards. It is a two-way process, the upwards submission of estimates for different units, and the downwards transmission of provisions decided upon at higher levels. The work of budget preparation should begin sufficiently in advance to enable every part of the enterprise to be associated in the preparation of estimates and to have their own separate budgets within the overall budget of the enterprise.

The comparison of actual figures of performance with these estimates in the budget should be carried out periodically during the currency of the budget as well as after closing of the accounts as indicated briefly in paragraphs 9.14 and 9.15.

All management levels required to submit reports and returns should themselves be encouraged to analyse and make use of the data with the assistance that the finance and accounts organizations can provide. Periodical comparisons of results with the budget estimates are essential to keep the estimates up-to-date both for purpose of policy formulation and for keeping a regular check on performance. Investigation into the deviations from the results originally estimated, generally referred to as the technique of 'reporting by exceptions' enables effective and speedy control to be exercised over subordinates, where necessary.

The capital expenditure budget also involves the two-fold process as the revenue budget. Every public enterprise should have a fairly long-term capital expenditure budget to serve as a framework within which individual scheme can be planned, approved by the Government and taken in hand.

Model budgetary forms, like the standard form introduced for estimates of capital outlays on townships, should be worked out in respect of other common items of the capital expenditure programme and circulated to the public enterprises for information and use.

As the United Kingdom Government should, each year, discuss the undertakings and approve the general lines of its plans for development and capital expendi-

ture for the next five years agreeing to appropriate long-term commitments as well, to enable the enterprises to undertake long-term capital planning on a realistic basis. The controls needed to keep public sector investment generally within the Government's resources can always be prescribed.

The cash budget and the preparation of periodical budget comparison statements and cash flow statements should be treated as an integral part of the budgetary process. This is necessary to make payment, as they fall due, without incurring the unnecessary liability of accumulated cash balances lying idle.

Each public enterprise should be asked to complete a comprehensive budget manual to cover the items detailed in paragraph 9.24. The Bureau should initiate action in cooperation with the Ministries concerned and with the assistance of outside experts, wherever necessary, and provide effective consultancy assistance to enable the enterprises to compile a budget manual suited to their needs.

Improvement in budgetary and financial controls should be accompanied by a greater delegation of authority as well as the reduction in the number of cases requiring prior financial concurrence. This can be achieved by increasing the financial powers of Managers, Purchase Officers, etc. and providing for inter-branch Standing Committees for such purposes, as the review of tenders, the purchase of requirement and stores etc. The views and advice of the finance branch should be available to the line of authority in these Committees, but the need for prior concurrence should be dispensed with.

There is a good deal of misunderstanding in various quarters about the nature, scope and performance of internal audit in relation to the public enterprises. In the public enterprises, internal audit should be viewed as a service provided to the management organization, intended only to serve certain management needs. The role of the internal audit organization in the public enterprises should be as defined in paragraphs 9.28 and 9.29.

The principal tasks of internal audit should be as set out in paragraphs 9.30 and 9.31.

The internal audit organization should be effectively organized in every public enterprise. Besides promoting greater efficiency, this will also help reducing the scope and intensity of external audit. The Bureau should provide consultancy assistance to the undertakings to enable them to set up adequate finance and accounts organization including internal audit on the right lines.

It is of the utmost importance that the Financial Adviser (FA) of an enterprise should deem himself to be an integral part of the management team and not look upon himself as an outsider representing the financial



interests of the Government.

The role of the FA should be that of the Principal Adviser to the Chief Executive in all financial matters. The FAs should be encouraged to place greater emphasis on the management accounting aspect of their working rather than on maintenance accounting or insistence on checks, scrutiny and approval of proposals coming from different departments.

**Material Management :** The sheer size and value of the inventory holdings of public enterprises indicate that it is essential to subject them to strict technical scrutiny. Even a marginal reduction brought about in the holdings will more than repay the cost and effort of such an investigation. It is equally important to review procedures both in the public undertakings and the controlling Ministries to reduce the administrative lead-time for obtaining materials which forces managements to maintain higher stock levels.

The more common defects in materials management are reported to be as recounted in paragraph 9.45.

As a first step, materials management should be accorded due recognition at the top level where a Central Control Section should be set up for materials planning and for securing the introduction of modern techniques of materials management.

A comprehensive materials management manual should be drawn up to give concrete shape to the relevant scientific concepts and to outline the prescribed procedures to help disseminate information to all relevant levels and the general adoption of improvement techniques.

Every simplification of the procedures that helps to shorten the administrative lead-time will tend to reduce the stock holdings and the safety stock levels and thus, release a proportion of the capital tied up in inventory. For simplifying the operating procedures within the undertaking the steps indicated in paragraph 9.52 should be taken.

It is necessary to be conservative in estimating the requirements of items required during the construction phase, like earth-moving equipment, vehicles, common tools, safety materials like goggles and boots etc., and not base the estimates on too optimistic a time-schedule of construction. Each project under construction should have a control planning group for materials under the Chief Engineer in charge of construction for planning and total requirements and phasing their procurement.

The recommendations made by the foreign collaborators on the provision of adequate spares should be subjected to a thorough scrutiny and examined in comparison with the position prevailing in similar plants abroad, including the foreign collaborators, own plants, to ensure that a new project was not being saddled with

unduly heavy stocks of slow-moving items.

A nucleus cell consisting of Technical Experts as well as materials management experts should be formed in each project, especially in those with substantial dependence on imported items to systematically identify and catalogue the spares and obtain their manufacturing drawings and specifications as a first step towards establishing their indigenous manufacture. For items required non-repitiely and in small quantities, projects should not delay in creating their own workshop facilities.

Government should evolve effective inspection arrangements in exercising sufficient check on the indigenous manufacturers and the quality of their products so that these manufacturers do not enjoy too monopolistic or commanding a position in relation to the purchasing public enterprises under the shelter of Government's understandable desire to promote import substitution. A uniform policy of price preference should be formulated by the Government to serve as guidelines for the public enterprises, indigenous manufacturers and the DGTD.

The recommendations made by the Mathur Committee for facilitating imports by the public enterprises, and accepted by the Government, should be effectively implemented as soon as possible. The steps outlined in paragraph 9.62 need to be taken in particular.

Training in materials management should be given greater importance and the efforts should be to have fully trained staff in the materials management organizations. It will be advantageous to impart short-term training to the personnel of other departments as well, since the management of materials is an integrated programme requiring the cooperative action of all the concerned branches. Adequate permanent facilities should be created to provide with both long-term specialised training as well as short-term training courses in materials management.

### Financing Matters And Pricing

**1. Financial Matters :** It does not seem appropriate to prescribe a single common loan-equity ratio i.e., 1:1 for all public enterprises irrespective of their size and productive function. A distinction should be made between capital intensive enterprises and trading concerns. The whole question of equity loan-ratio should be re-examined and a proper capital structure should be worked out for different categories of public enterprises.

The existing procedures for releasing funds to the public undertakings should be liberalised to ensure that work is not held up while projects wait for an elaborate pre-scrutiny of already budgeted amounts. It should be possible for the administrative Ministry as also the Ministry of Finance, to exercise post-withdrawal scru-

tiny in the manner in which funds have been released and utilized by the public undertakings.

The amount of capital required by the public enterprises is much too large to be raised in the open market without the support of a Government guarantee or the Reserve Bank of India. Such unguaranteed borrowing by highly capital intensive projects, that usually have long periods of gestation is not a realistic proposition at the present moment. The creation of a separate financing institution for the public sector will at this stage, be unnecessary and premature.

The current policy of the Government that for working capital requirements, public enterprises should normally obtain funds from the banks without depending on the Government or a Government guarantee, is sound. But, in certain cases, public undertakings might be unable to secure funds in this manner, particularly in the initial stages. Government should be willing to provide the necessary guarantee and to consider the request of public undertakings even for working capital requirements in case the latter are unable to obtain funds from the banks.

\*Public enterprises should be authorized to deal with any scheduled bank that has deposits above a certain limit. Public enterprises should be free to have cash credit arrangements with such banks for meeting their working capital requirements, with the condition that information about such arrangements should be furnished to the Government.

\*A public undertaking, whether it is a Government company or a statutory corporation, should not be required to submit its revenue budget to Government or Parliament for prior approval unless it is a deficit budget and the Government is expected to make-up the deficit.

\*It is now eleventh year since the last Industrial Policy Resolution was formulated and during this period many undertakings have been set up in all the areas reserved or designated for public enterprises as per Schedule A to the Resolution. The time has now come for a more specific and clear statement in which Government lays down the principles that should guide the creation of various reserves, the extent to which enterprises should undertake the responsibilities of self-financing, the anticipated returns on the capital employed and the basis for working out rational wage structures and pricing policies. There should be regular consultations between the Government and the public enterprises to review the extent to which undertakings can expect additional finance for their capital requirements and the amount of surpluses that can be expected from the undertakings.

\*It appears that the accruals, anticipated to Government on the capital invested are determined, more or

less ad hoc, and in many cases the anticipations go off the mark. Broad principles should be laid down for determining the division of profits (after depreciation) into retained profits and the dividend to be paid to the Government. The extent of retained profits should be determined by the obligations that the enterprises has for self-financing for future expansion.

There is considerable scope for reducing expenditure on townships by adopting uniform and more economical standards. Despite these economies, however, most public undertakings will have to incur substantial expenditure on providing housing and other facilities to their staff and workers. This financial burden on the public enterprises should be kept in mind while evaluating their performance.

\*It should not be necessary for the Central Government to route funds for subsidizing housing schemes for their industrial workers through the State Governments. The very introduction of the Subsidized Housing Scheme shows that Government agree, in principle, to subsidize upto 25 per cent of the cost of houses for industrial workers drawing salaries below a certain level. Considering the fact that the capital for construction of townships is, in any case, provided by the Government, the provision of the subsidy can be made at the very start. While approving the part of the project report relating to the construction of houses for industrial workers, Government should determine the subsidy that is admissible in accordance with the conditions prescribed in the Subsidized Housing Scheme and treat that amount as subsidy and not as capital investment made by the Government.

**Pricing :** Generally, all enterprises, with the exception of those working under a system of administered prices, have formulated their price policy with a view to covering costs and making a surplus on the basis of whatever assumptions they had of their obligations since only general indications have been given about the rate of return expected from the enterprises. It will not be a healthy development if public enterprises working under monopoly or near-monopoly conditions attempt to increase surpluses more by increasing prices, and less by reducing costs and ensuring fuller utilization of their capacity.

Self-financing for expansion should be taken as a specific obligation of our public enterprises in the industrial and manufacturing field. Public enterprises should provide additional resources to the State in a developing country where the rate of re-investment in development programmes by the Government is higher than that by individuals. There might be instances where larger social considerations require a public enterprise to deliberately forgo earning of profits. Even in such cases the minimum to be aimed at should ordinarily

be that the enterprise is able to pay its own way, i.e., break even after providing for depreciation charges calculated on a realistic basis.

While formulating the pricing policies of units in the public sector, the principles outlined in paragraph 10.42 should be kept in view.

If Government require a public undertaking to keep prices at an artificially low level, the financial obligations of that undertaking should be revised. If an undertaking has to pursue an unprofitable course of action under Government directions then the Government should either subsidize it or the enterprise should be entitled to ask for a downward revision of its financial obligations.

Wherever public undertakings are operating under non-competitive conditions and where the number of buyers of the products is limited, the price levels should be determined on the basis of the c.i.f. value of similar items in preference to the cost plus formula. However, the ability to produce goods at costs matching the c.i.f. price of similar goods will differ from undertaking to undertaking. Therefore, a detailed examination of the cost structure of the products of the undertakings concerned should be undertaken to determine the levels of permissible deviations. For this purpose, Government can utilize the machinery of the Tariff Commission or the Cost Accounts Organization of the Ministry of Finance.

It will not be advisable to set up a statutory body for settling inter-undertaking disputes over prices because of the lengthy procedures and the delay that the procedures of such a body will entail. A more practical solution lies in streamlining the existing ad-hoc processes through which disputes are being resolved. High-powered Standing Committees consisting of the representatives of the public undertakings and the concerned administrative Ministries should be designated and standard procedures be laid down for cutting out delays in deciding matters under disputes. It would be helpful if the Chief Economic Adviser or his nominee is also included in this Committee so that he might be able to provide objective and expert advice to the Committee.

Where the agencies involved in a dispute over prices are under different governments, it might not always be possible to settle disputes without decisions from a statutory body. In such cases, the agency and expertise of the Tariff Commission may be utilized or a special administrative tribunal be set up, with the statutory authority necessary to ensure that its decisions are binding on the undertakings concerned.

Audit

The main points of criticism of the existing system of

audit are recounted in paragraph 11.4.

It is necessary to reduce the existing multiplicity of audit arrangements as well as to bring about a necessary reorientation in the attitude of Government auditors to conform to the special requirements of the public enterprises. A full consideration of the possible alternatives reveals that it is not possible to effect these improvements without a radical change in the existing system. From a study of the parallel position obtaining in other countries it appears that there are a number of advantages in adopting the system of audit prevailing in France with certain suitable modifications.

\*The work that is at present being done by the Directorate of Commercial Audit should be divided amongst 4 or 5 Audit Boards, each Audit Board dealing with a particular major area of enterprise like iron and steel, engineering, chemicals, trade and commerce, and transport etc. Each of these boards should have five members including three senior Audit Officers as common permanent members. For this purpose, an Additional Deputy C & AG should be designated as the Common Chairman of these boards; the other two common permanent members should be of the rank of Accountant General. This may require an additional post of Accountant General which will be required in any case with the expansion of the public sector. The two part-time members of each board should be appointed by the Minister responsible for the development of that particular industry, they need not be serving officials of the Ministry but may be selected from amongst very senior persons experienced in the work of public enterprises or from amongst experts in commercial or financial matters. It would be advantageous if one of the two part-time members has occupied senior managerial posts in the public enterprises.

The existing departmental set-up of the Directorate of Commercial Audit should be utilized for providing the secretariat and investigating staff to the Audit Boards. The administrative control over staff and the responsibility for running the organization can be vested in the three permanent members. It will be necessary to provide reorientation and training to the existing staff and to recruit certain specialists and experts, like statisticians, economists and cost and chartered accountants. If an organization is to undertake the task of efficiency-cum-propriety audit it is essential that its staff should at least resemble in expertise and specialisation the management organization of the enterprises concerned.

\*Reports relating to individual undertakings should be discussed in the Audit Board in the presence of the representatives of the Ministry concerned and the public enterprise under examination. These reports should not be treated as confidential but should be presented

through the controlling Ministry to Parliament.

A large portion of the work, mainly relating to regularity audit may be got done by the Audit Boards through the auditors. The work assigned to the professional auditors should be clearly defined and distinguished from that done by the Audit Board's own staff. For each undertaking, or class of undertakings, combined audit parties comprising the staff of the audit boards as well as professional auditors should be formed for carrying out their task concurrently and collectively. This will effectively minimize the chances of duplication.

The scope of the work that the Audit Boards are expected to do will have to be clearly defined. The Audit Boards can be really beneficial to the undertakings only when they function more for the constructive purposes by suggesting improvements than for focussing attention on the errors and deficiencies of management. The audit boards will have to guard themselves against the temptation to prefer their own judgment to that of the management boards. Within the framework, an investigation by a body of persons having professional competence in audit work in cooperation with experts from outside will not only indicate the true financial status and prospects of an enterprise but will also inform management of the areas of public improvement.

### Appraisal Of Performance

To make a fair assessment of the working of the public enterprise, it is important to draw a clear line of demarcation between the responsibilities of the management and the Government. Government exercises a range of controls over a public enterprise and the management has to function within the framework of these controls. It will, thus, be fair to judge the performance of the management in the light of these constraints on its actions.

The performance of a public enterprise should be evaluated in terms of the success achieved by management in the spheres and in the order indicated in para 12.4.

The setting up of a sophisticated investigatory apparatus within and outside the public enterprises, for a comprehensive and systematic measurement of efficiency, may not be a practicable proposition in the immediate future. However, it is a necessary and desirable objective for which preparatory steps should be taken to build-up an organization of trained personnel. To begin with, simple and rough-and-ready yardsticks should be evolved and standardized, and the public enterprises should be required to report their

performances on the basis of such a standard pattern that will be of use to themselves as well as to outside agencies.

It is essential for the proper functioning of any enterprise that the management itself is primarily responsible for measuring the efficiency of its operations. Each undertaking must have an adequate apparatus for regularly exercising efficiency-control. The principal elements of such an efficiency-control system, broadly speaking, consist of performance budgeting, cost accounting, work study, materials management and market research.

\*At present, there is no expert external organization for carrying out systematic appraisal. The arrangement under which inspection teams are to be set up by the Administrative Ministries in consultation with the Ministry of Finance to conduct periodical inspections is not the best method for evaluating managerial efficiency. The need is for a standing expert organization which can gain continuing experience of this type of work and which can make-up the work of appraisal periodically and not in an ad hoc manner. The task of undertaking periodic and systematic appraisals of managerial performance should be entrusted to the proposed Audit Boards. The inspecting officials of the Ministry can be associated with the investigating party of the Audit Board.

For this work, the Audit Boards would have to augment the expertise of the auditors with the assistance of economists, management engineers, statisticians etc. and also those who have had the experience of working in public enterprises. In fact, the experienced personnel of the enterprises can put in a useful term of service on the staff of the Audit Boards on terms of deputation.

The Audit Boards will have to act at all times with the due self-restraint and full understanding of their own limitations, aware that their task is only to evaluate managerial performance and advise the Government and the managements of the public enterprises and not to attempt to lay down management policy for the enterprises or the Government.

The problem of appraisal is the problem of laying down suitable standards of performance and of evolving indicative yardsticks to assess how actual performance compares with what was estimated. For a proper appraisal, it is essential that Government make a general statement of policy on the financial and other obligations of the various public enterprises. This is as necessary to formulate the financial framework for each enterprise as it is to prevent unfair criticism of the enterprises in the public sector.

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\*Recommendations of basic character have been marked an asterisk.

# ADMINISTRATIVE REFORMS COMMISSION, STUDY TEAM ON FINANCIAL ADMINISTRATION, 1966—REPORT

Delhi, Manager of Publications, 1968. 402p.

Chairman : Shri B. Venkatappiah.  
Members : Shri N.N. Wanchoo ; Shri P.L. Tandon ;  
Shri G.L. Bansal ; Shri N.S. Pandey ;  
Dr. D.T. Lakdawala.  
Secretary : Shri J.C. Luther.

## APPOINTMENT

The Study Team on Financial Administration was constituted by the Administrative Reforms Commission on May 26, 1966.

## TERMS OF REFERENCE

The study will, in regard to the subject allocated to it, ascertain facts, locate the principal problem areas, examine solutions for the problems and suggest each of them as they would recommend for the commission's consideration.

## CONTENTS

Introductory Section ; Introduction ; Budgetary Reforms—Objectives of a Budget ; Performance Budgeting ; Financial Year ; Budget Estimates ; Budget in Parliament ; Budget, Plan and Economic Analysis ; Lapse of Grants ; Lump Sum and Token Grants ; Review of Expenditure ; Expenditure Control—Delegation of Financial Powers ; Role of Financial Adviser ; Control by Parliament ; Centre-State Financial Relations—Changes in Perspective ; Finance Commission ; Schemes of Basic National Importance ; National Development Bank ; Borrowing of States ; Concluding Section—Acknowledgements ; Summary of Observations and Recommendations ; Appendices from I to IV ; Accompaniments A, B and C.

## RECOMMENDATIONS

### Introduction

Two of the basic requirements of administration, of which financial administration is only a part, continue to be efficiency and economy within the framework of planned development, Parliamentary control and Federal inter-relationship. But efficiency and economy are themselves aspect of action or performance ; and if there is only one requirement today which is more important than any other, it is that policies, programmes, and administration should be oriented to

performance.

Since economy is costly which consists in doing nothing, our suggestions concerning control—whether by Parliament or by the Finance Ministry—aim at preserving initiative and delegating real authority.

In the context of the changing requirements of the Centre-State relationship, somewhat radical modification is needed in the Centre-State financial procedure, institutions and concepts.

Not only are economy and efficiency all the more necessary in the context of planned development together, these two factors make it essential that projects which involve large developmental investment should be completed without undue delay and extravagance and, above all, in practice yield the financial return on the expectation of which they have been formulated and sanctioned. If institutional measures are necessary for this purpose, they should be devised and adopted.

### Objectives Of A Budget

Besides, being the most important annual item on the agenda of Parliament, the budget serves a number of purposes, fiscal, financial and economic, administrative, managerial and developmental, in terms of each State or of the country as a whole. It is a document for Parliamentary action and an instrument of Parliamentary control. It is a management tool and a basis for administrative delegation. It sets out a programme of development and enables the adjudgement of performance. These objectives are not mutually exclusive. But, if there is one overriding used today it is that all governmental processes—including the budgetary process—should be oriented to action and performance ; action that achieves optimum results, the performance that involves not more than reasonable cost, effort and time.

### Performance Budgeting

We recommend that necessary steps for the introduction. In a phased manner, of performance budgeting should be initiated at an early date.....It is, of course, necessary that adequate preparatory steps should be taken for the introduction of the system. The following steps are recommended :

(i) The Finance Ministry should assume responsibility for introducing the system and coordinating the

various stages ;

(ii) In the phased application of this system, both at the Centre and in the States, priority may be given to departments and organizations which are in direct charge of programmes or activities (developmental or other) involving large expenditure ;

(iii) The analysis of the functions and programmes of the departments selected may, as suggested by the Working Group, be entrusted to a team of officers ;

(iv) A suitable training scheme may be devised for those who, at different levels will be concerned with the introduction of the scheme ; and a manual of instructions on the subject might be prepared as soon as practicable ;

(v) Appropriate changes in the accounting system would be needed in this connection ;

### Financial Year

We have thought it desirable to analyse, at some length, the practical implications of the various criteria to be applied for judging the suitability or otherwise of a financial year commencing on : (i) 1st April as at present, (ii) 1st July, (iii) 1st October, (iv) 1st January. These criteria are : (i) accuracy of revenue estimates in the budget ; (ii) accuracy of expenditure estimates ; (iii) efficacy of performance ; and (iv) convenience of legislators and administrators. Our conclusion is that, if the status-quo is to be changed, the balance of advantage would lie in favour of 1st October, more specially from the point of view of performance on which we have laid emphasis throughout the report.

### Budget Estimates

Various methods, not mutually exclusive, are employed in the scientific forecasting of revenue. The "Direct Valuation" method is the most comprehensive one, but depends for its success on the coverage and accuracy of the statistics available. The two Boards should review, from this angle, the adequacy of the statistical data now available to them and take measures to supplement them where necessary.

Some of the causes of over-estimation of expenditure or of under-spending are psychological. Other factors underlying delayed performance pertain to departmental, including financial procedures ; the need to get clearance from a multiplicity of agencies ; defaults on the part of contractors ; delays in receipt of supplies of materials and procedures regarding the release of foreign exchange.

We consider that managerial techniques such as PERT (Programme Evaluation and Review Techniques) and C.P.M. (Critical Path Method) should be introduced as early as possible in Government projects and Government Departments, especially those concerned

with the execution of relatively big schemes. Among other things, the adoption of these methods should lead to a much larger measure than at present of calculated control over points of crucial delay—and in the same process to a much more reliable estimate than now obtains of the twin factors of time and expenditure.

The Ministries, Departments or Offices should have well-equipped Budget Cells. This would eliminate inaccurate estimation due to out of date data, imperfect techniques and, lastly, inadequate familiarity with the practical aspects and vicissitudes of the schemes and projects for which the estimates are framed.

### Budget In Parliament

In the altered circumstances, the question of reviving the Standing Finance Committee to examine items for inclusion in the budget estimates need not be pursued.

*The device of a Committee of the Whole House to discuss the budget would be an unnecessary refinement.*

The allotment of more time for discussions on the budget, if thought necessary, could be provided by Parliament by suitable regulation of its internal business.

We recommend that, as a rule, the Minister in-charge should open discussion on the budget estimates on his Ministry and explain the policies underlying the estimates, the physical programmes planned and the performance in the preceding year.

It is desirable that specific dates should be fixed by which the Appropriation Accounts and Audit Reports thereon should be submitted—(a) by the Comptroller and Auditor General to the Finance Ministry ; and (b) by the Finance Ministry to the Parliament. We recommend that a provision to this end should find a place in the proposed Bill governing the functions and duties of the Comptroller and Auditor-General, the Comptroller and Auditor-General should be required to forward his report to the Finance Ministry by a definite date say, 15th January and the latter to submit it to Parliament by 31st January. These suggestions would apply mutatis-mutandis to the State Government also.

### Budget Plan And Economic Analysis

The lack of direct correlation between the Plan and Budget heads not only renders it difficult and cumbersome to follow with real understanding the financial provisions made in the budget for Plan schemes, but in relation to the schemes in State Plans gives rise to special problems in the matter of Regulating Central Assistance. It is, therefore, necessary that a proper link should be established between the budget heads of account and the heads of development.

A greater measure of uniformity in classification

should be attempted to achieve better correlation and necessary modifications made in the heads and sub-heads, etc., of accounts. We suggest that the position be reviewed in consultation with the Comptroller and Auditor General and such changes introduced as are appropriate from this point of view.

The link between the Plan Schemes and the Budget Heads could be provided for instance, by means of code numbers to be assigned to each scheme on the pattern of what is being done by the U.P. Government. This could be brought out in a separate document at a supplement to the budget literature.

In view of our recommendations regarding Performance Budgeting in Chapter III, both the heads of development and the major and minor heads would need to be recast to bring about a better correlation between the Plan and the Budget documents.

The main utility of the economic classification of the Central Government Budget is that it promotes a better understanding of the economic impact of Government's operations. To be really useful, the scope of this exercise should be extended to the budgets of the State Governments as also to non-departmental enterprises of both the Central and State Governments.

As in other advanced countries, economic classification should be integrated with the budgetary process itself. We, therefore, suggest that an economic analysis be presented of the budget estimates of each department.

The efforts that are being made by the Central Statistical Organisation for compiling official series of savings and investments together with the recommended enlargement of the scope of economic classification would fulfil much more adequately than at present the needs of economic analysis and policy formulation.

### Lapse Of Grants

If the Ministries or Project authorities could be given some assurance, albeit informal, by the Finance Ministry/Department that under-spending in one year would not prejudice to the budget estimates for the next year, the Department's reluctance to surrender funds in time would tend to diminish.

Better phasing and programming of expenditure on a project, and the introduction of performance budgeting which would relate financial outlays to physical achievement, would also tend to reduce the incidence of the lapse of funds.

A prompt system of communications of the new budget grants is necessary in all cases. Besides, this, a part of the difficulty could be met by a more liberal resources to the system of Vote on Account.

### Lump Sum And Token Grants

The real meaning of "token grant" should be kept

in mind and a token grant may asked for only when funds required for new schemes can be found by re-appropriation, but the approval of Parliament has to be obtained since it constitutes a new service.

There should be a total ban on the inclusion of lump sum provision in the budget. Important schemes which are not yet ready in detail for execution could be brought up in supplementary Demands and less important ones could be left over for the next regular budget.

The administrative Ministers can and should take steps to obtain the clearance of their budget proposals from the Finance Ministry well before the final date stipulated in the budget calendar. Such proposals should be staggered over a longer period and should not clutter the Finance Ministry towards the end.

Lump sum provisions should be regarded as permissible only in the most exceptional circumstances, e.g., where urgent measures have to be improvised for meeting an emergency. These could also be justified for meeting preliminary expenses on a project or scheme where itemwise estimates could not be worked out. For such purposes the amount of contingency funds might be increased both at the Centre and the States.

Provisions are in most cases not thought of in terms of programmes, or expenditures in terms of activities. On the introduction of performance budgeting there is expected to be some change, in this budgeting, is unlikely to ignore the action content of scheme for which a large overall provision is asked for.

### Review Of Expenditure

It is necessary to take notice of the various inadequacies revealed in the present procedure of expenditure reporting. A good system of progress reporting should provide a basis for a comparison of the current progress against the past and the projected schedule of work. Specifically, the object of expenditure reporting should be as follows :

(i) Accounting data should facilitate the formulation of a policy and also throw up material that will make possible the assessment of the working of the policy ;

(ii) It should also render the action of each agency accountable to the higher agency or to the Legislature and through it to the public in the ultimate analysis.

An important requirement of planned economic development is a system of data reporting that would establish a rapport between the financial and physical aspects. The reporting system should be increasingly oriented to meet the requirements of performance budgeting. In a matter, like financial reporting, modern techniques should be adopted over as wide an area as possible. In the context of increased financial responsibility of the Administrative Ministries and Depart-



ments, there would be greater need of adequate internal reports for the use of both the Departments and the Finance Ministry.

The Comptroller and Auditor General and the Administrative Ministries should in consultation, take steps to ensure that expenditure figures are submitted punctually at all levels of the organization.

For post-budget review of expenditure by the Finance Ministry the form of expenditure statement should be amplified in several respects and these should be submitted more regularly.

Steps should be taken to remove the difficulties of administrative Ministries in the matter of watching the progress of expenditure. The real solution would lie in transferring the responsibility for maintenance of accounts to the executive agencies. The system of accounting has to be such that the Ministries and other administrative authorities below them, can discharge their respective responsibilities in as full, unhampered and effective a manner as possible.

#### Delegation Of Financial Powers

A scheme of delegation of financial powers which does not become operative until the last detail is approved by the Finance Ministry is unsatisfactory. Once the Parliamentary feasibility report has been prepared and accepted by Government the administrative Ministries should be permitted to sanction expenditure on essential preliminary items, subject to certain limits, a proportion or percentage of estimated cost.

Delays occurs in the process of scrutiny and examination by Finance. A time limit, of say, four to five months, should be laid down within which the approval of the Finance Ministry to a project or a scheme should be accorded, failing which there should be provision for the matter being automatically brought for decision before a Committee presided over by the Cabinet Secretary.

In cases of emergency giving rise to sudden increase in work, the Ministries and heads of departments should have powers to creat temporary posts for short periods not exceeding three months in all.

Except in the case of creation of temporary posts, in emergent circumstances, there should be no powers of reappropriation which result in the enhancement of the provision for pay of officers, pay of establishment, etc.

A provision made for a "Non-Plan" item and not utilised should be allowed to be re-appropriated for a plan scheme (under the delegated powers), obviating the necessity of making a reference to the Finance Ministry in such cases.

#### Role Of Financial Adviser

There is an over-rising need for prompt decisions

and speedy implementation. From this point of view, it is of vital importance that the responsibility, for the execution of the programmes and for delivering the goods, should rest squarely on the Ministries and Departments concerned. It is in the discharge of these responsibilities and as an integral part thereof that the need arises for internal financial advice.

The responsibility of the Secretary of the Ministry should remain unimpaired, and he should, therefore, have the power to overrule the Financial Adviser, where necessary. There will be no place for a Financial Adviser outside the Ministry in the arrangements we contemplate.

There is a definite advantage in the Financial Adviser being appointed with the concurrence of the Finance Ministry. The annual assessment of his work should be made by the Secretary of the administrative Ministry and the report of the Secretary Expenditure should also be obtained. The Finance Ministry should have an overall and coordinating interest in the careers of Financial Advisers.

The Financial Adviser is expected to be a part of the top management team of a Ministry/Department. The Secretary will attach the highest importance and give the most carefull consideration to the views expressed by the Financial Adviser. The relationship between them should be that of senior partners in a common enterprise.

There would be great advantage in providing for the formulation of a uniform set of rules for the guidance of administrative Ministries in the matter of financial consultation/procedures.

It should be obligatory on each administrative Ministry to have a Financial Adviser though on considerations of work load, etc., it should be open to Government to entrust to one official the work relating to more than one Ministry.

The Finance Branches of the administrative Ministries should be strengthened and staffed with trained and qualified personnel.

The Finance Ministry should not normally entertain references falling within the delegated sphere of an administrative Ministry.

The recommendations relating to appointment of Financial Advisers and strengthening of Finance and Budget Cells might involve some extra expenditure, but this would be well-worth incurring and would be well repaid by the improvement and efficiency of financial management.

The Financial Advisers should come to their assignment with a background of administrative experience and at an appropriate stage should be given orientation in the functions and duties thereof.

Periodic interchange between the financial wing and

other wings of administration will not only enrich the experience of those who are thus interchanged but also, in the long run, make for sounder finance as well as sounder administration.

### Control By Parliament

Parliament's time is valuable. In so far as Committees draw Parliament's attention to specific matters, these matters must be important enough to justify, Parliament devoting time and attention to them. In the context of Parliamentary control the matters in question may be classified as : (a) accounts—the proper spending of moneys sanctioned by Parliament ; and (b) performance—the effective implementation of programmes approved by Parliament. Both in regard to proper spending (accounts) and effective implementation (performance), only the most important items should be brought to the notice of Parliament.

The Public Accounts Committee will, it is expected, confine its attention, and therefore, its comments, to items of outstanding importance. It will not deal with minor matters including relatively small irregularities in such a manner as to lay itself open to the criticism that it is helping to hinder initiative. It will, of course, continue to comment upon and draw pointed attention to instances of major irregularities.

Nothing is easier to inculcate than the habit of not taking decisions, and those hitherto accustomed to take decisions—and therefore risk—might hereafter desist from taking action if the only result, in the event of something going wrong, is adverse notice by the Public Accounts Committee and a place of unenviable publicity.

The Public Accounts Committee should take over the expenditure side of the public undertakings. That leaves out performance, viz. programmes, actions and results not only of the Departments but also of public undertakings. This could well be dealt with by one Committee.

The Public Accounts Committee should, as has been the case in the past, refrain from taking cognisance of matters involving administrative decisions or policy formulation unless these have been specifically reported to Parliament by the Comptroller and Auditor General in his audit report.

The review of performance in relation to budgeted programmes could best—be done by a single Committee of Parliament, which may be called the Performance Committee. The Performance Committee could have two wings—one dealing with the performance of the Government Departments and Ministries and the other with the performance of Public Sector Undertakings. It would be assisted by an organisation or group of experts in examination of the cost and efficiency aspects

of the projects etc.

The area of operation of the Public Accounts Committee should be enlarged to include the appropriation accounts and audit report thereon relating to public sector undertaking also.

### Changes In Perspective

The procedural aspects of Centre-State financial relations with which we are literally concerned cannot be considered in isolation from institutional aspects. In the context of the changes in substance of the Centre-State financial relations, it is necessary to evolve clearly defined objectives of Central assistance to States.

If these objectives are to be fulfilled, it will be necessary to reduce considerably the proportion of the discretionary element in Central assistance ; the unconditional or “united” element of assistance would then increase. The States have to be told before hand with responsible certainty of the size of united assistance over a period.

Within the broader framework of major objectives and major strategy, the Plan has hereafter to process two characteristics : (1) flexibility in terms of the States, and (2) adaptability in terms of changing economic conditions. Consequently, it would be desirable to review the size of the united assistance, not every five years, but at more frequent intervals, say, once in two or three years.

### Finance Commission

One body, and not two different ones should take a view of both Plan and non-Plan expenditure and of available resources in order to arrive at an appropriate pattern of allocation to the States.

A reorganised Finance Commission should be entrusted with the total task of having a view of both Plan and non-Plan expenditure of both Centre and State and making the requisite allocation to the States.

The total Central assistance to States may be classified as follows into three categories :

(i) United assistance covering the existing statutory grants and all assistance generally, with the exception of the two specified below ;

(ii) Assistance earmarked for a very small number of schemes of basic national importance ; and

(iii) Assistance for financing projects in certain major fields of development such as power, irrigation, transport and manufacture.

Assistance for the first category should be united and automatic. The total quantum of assistance should be determined on the basis of the current account surpluses of the Central Government. It is necessary that appropriate criteria for allocating assistance of this type should be devised and this function should

be vested in the reorganised Finance Commission which should be a permanent body.

In addition to its present functions relating to the devolution of taxes, the reorganised Finance Commission would devise criteria for allocating united Plan assistance among the various States. A major portion of assistance may have to be given on criteria relating to population, area and relative backwardness, and the remaining assistance on criteria relating to the State's Plan and its performance.

The reorganised Finance Commission will have to review the achievements of each State, particularly in the agricultural and other specified spheres. It would be desirable if the awards of the Commission are given at intervals which are neither too long nor too short. Two successive awards, one for two years and the other for three years, together coinciding with a particular Plan period, might be suitable.

The reorganised Finance Commission would take full account of : (a) for the Plan investments and estimates, (b) extent of the total resources available, and (c) the proportion which might be set aside for allocation to the States.

We are of the view that the reorganised Finance Commission should be headed by an eminent person with a judicial background, who may be invited to serve for six months, or so and preside over the Commission during its award-giving phase. The other members (excluding the Vice-Chairman) could also be appointed for the particular period only. For the rest of the time the reorganised Finance Commission may continue as a permanent body with a small permanent secretariat under a Vice-Chairman. To provide a nexus with the Planning Commission, we suggest that one of the members of the latter should be appointed Vice-Chairman of the reorganised Finance Commission.

#### Schemes Of Basic National Importance

Tied assistance should be continued to a very few schemes of basic national importance.

There should be a minimal number of basically important schemes which the Centre must try its utmost to promote, for example, (i) family planning, and (ii) agricultural programmes in relation to high-yielding seeds. The objective and overall target in respect of these schemes would be all-India but the pattern would be adapted to the conditions of the States concerned in consultation with the Centre. Their number should be kept as low as possible and their identity retained.

The list of such schemes of basic importance should be liable to review from time to time by the Central Government in consultation with the National Development Council.

Assistance in the form of grants and loans for

certain non-developmental purposes outside the Plan may continue to be provided as at present by the Central Ministries.

#### National Development Bank

Central loans to States for financing identifiable projects in fields like power, transport, irrigation and manufacture, should be channelled through a new institution to be known as the National Development Bank, which should be built up in a phased manner over the next few years. The contemplated arrangement would apply to both Central and State Projects so long as these fall in the defined category.

The institution devised, besides being development-oriented, has to be professional and business minded. While granting financial assistance, it would initiate steps for effective supervision of the projects and observe business principles in sanctioning instruments etc.

The following three considerations have to be kept in view as regards the functioning of this Bank :

- (i) This Bank should deal with loans only ;
- (ii) The States should meet the cost of the projects upto a stipulated limit ; and
- (iii) There might be a need to introduce softer loans.

While the broad sectoral as well as regional patterns of assistance would be determined by the Planning Commission, the loan financing of individual projects—whether State or Central—would be left to the discretion of the Bank and would depend on the rational appraisal of the planned projects and their actual implementation.

The activities of the Bank may be extended in stages. Starting with the financing of the expansion of existing projects and projects with known techniques of production, the projects of a manufacturing type and hydro-electric and irrigation schemes, etc., may be taken up in that order. Projects that would not qualify for being financed by the National Development Bank would continue as before to be financed by the Central and State Governments concerned.

While in the beginning the resources of the proposed Bank have to be provided in the Central Budget, in course of time, the Bank could raise loans on its own from the market-domestic as well as foreign.

As regards the organisational aspects of the National Development Bank, the equity capital should be wholly subscribed by the Government of India. The general superintendence and direction of the affairs and business of the Bank should vest in a Board of Directors, which will be guided by the broad policy directives given by the Government of India, and act on business principles with due regard to the interests of national

development.

The Bank may have either a part-time or whole-time Chairman. He should be a person pre-eminent in industry, commerce, finance or banking and unconnected with Government. It should also have a Vice-Chairman. If the Vice-Chairmanship of the Bank is part-time a member of the Planning Commission could fill this post to ensure better coordination with the Commission.

The bonds of the Bank would be fully guaranteed as regards the payment of principal and interest; by the Government of India. The Bank would not, however, accept deposits from the public.

The National Development Bank should have adequate trained staff to make technical appraisal of projects as well as supervise and watch the performance of selected projects. The Bank should utilise specialised consultancy and other services to the maximum extent possible in order to economise on over-heads.

#### **Borrowings By States**

To avoid over drafts, the State Governments should indicate the limits of the grants to their disbursing officers which they can spend and the controlling officers of the State Governments should exercise control over disbursements and check the progress of expenditure against the grants allotted, in consultation with the Accountant-General concerned.

As an effective safeguard against the over-drafts

of State Governments, a suitable provision may be made in the Reserve Bank of India Act, that the borrowings of State Governments from the Bank should not go beyond a certain proportion of their current revenues.

The above restriction should apply *mutatis mutandis* to the Central Government also in respect of its own borrowings from the Reserve Bank.

As an alternative, State Governments may be required to borrow from the State Bank of India and its subsidiaries. As a corollary the balances of the State Governments would have to be transferred to these Banks.

It would be a good idea if the public borrowing programme of all the State Governments was centralised. Though not conspicuously successful in the past, it should be given a further and more systematic trial. There should be greater coordination between the Central Government and the Reserve Bank in the matter of State-borrowings.

The small savings programme as operating at present has not succeeded in its principal aim of fostering new savings and the costs of operating the schemes in respect of low-income groups is relatively high. The scheme of post office savings deposits has been successful and this part of the programme should be encouraged through suitable measures.

## **ADMINISTRATIVE REFORMS COMMISSION, STUDY TEAM ON ACCOUNTS AND AUDIT, 1966 —REPORT**

New Delhi, Administrative Reforms Commission, 1967. 149p.

Chairman : Shri S. Ratnam.

Members : Shri M.A. Chidambaram; Shri G. Basu;  
Shri A. K. Mukherji; Shri N. S. Pandey.

Secretary : Shri J.C. Luther.

### **APPOINTMENT**

The Administrative Reforms Commission constituted the Study Team on Reforms in Accounts and the Role of Audit on May 28, 1966.

### **TERMS OF REFERENCE**

The Study Team will, in regard to the subject allocated to it, ascertain facts, locate the principal problems

areas, examine solutions for the problems and suggest such of them as they would recommend for the Commission's Consideration.

### **CONTENTS**

**Part I Accounts :** Approach and Objectives; General System of Accounts; Reforms in Organisation and Scope; Reforms in Compilation of Accounts; Reforms in Classification, Reforms in Procedures.

**Part II Audit :** Approach and Objectives; Scope and Organisation of Audit; Audit and Administration; Audit of Special Areas and Agencies; Audit of Public Sector Undertakings;

## RECOMMENDATIONS

### Reforms In Accounts

**Preface :—**In defining the scope of our work and our approach to it, we have been guided, throughout by the overall aims and objectives of the Administrative Reforms Commission and by an awareness of our primary role which is to assist the Commission in discharging its responsibilities.

The structure of the accounting system of a Government must satisfy the needs of Parliament, the executive and the administrative ministries, including their subordinate agencies. We have examined the present system with a view to assessing the extent to which it is capable of subserving the above objectives. Our primary concern has been to devise practical measures to ensure that all these objectives can be adequately met by a well-organised accounting system.

The function of keeping accounts is shared by the Comptroller and Auditor General with the treasuries and the administrative departments except in the case of Defence and Railways which have their own accounting organisations. However, he retains full and effective control over the form in which the accounts are to be kept, including those to be kept by agencies other than the Comptroller and Auditor General.

The pattern of the Compilation of Government accounts follows on well-defined lines. It originates at the stage of the initial accounts maintained at the treasury and in certain cases by the departments themselves. The information flows from a large number of originating points to the various accounts offices where it is classified and consolidated into monthly and progressive figures separately for the Union and State Governments merging finally into the annual finance and appropriation accounts.

The general structure of Government accounts and, in particular, the system of classification of transactions are matters of great significance from many view-points. The adequacy and effectiveness of Parliamentary review and control over financial administration are determined substantially by the form and contents of the consolidated and classified financial statements together with the demands for grants, submitted to the parliament similarly, for the purposes of financial control and effective financial management within the administrative ministries as also for an analysis of Government activities, a meaningful classification of Government accounts is one of the prime requisites.

Traditionally, the major heads of accounts have had

a close correspondence with the various Ministries and Departments of the Government. In recent years this simple frame work has not been able to withstand the vast expansion of governmental functions particularly, in the spheres of social and economic development.

We have referred earlier to the changes in the accounting heads which were introduced in two instalments with effect from 1-4-1961 and 1-4-1962 respectively, as these changes were, they still left considerable scope for further rationalisation of the accounting structure to bring it in tune with the requirements of the changing pattern and priorities of public expenditure and activities.

One of the important characteristics of the accounting structure in India is its uniformity as between the transactions of the Central and the State Governments.

We do not agree with the view that the responsibility for compiling accounts necessarily affects the objectivity or efficiency of audit. On the other hand, there is some point in the argument that its association with the details of accounts from day to day is of considerable assistance to audit in discharging its main responsibilities. There is no inherent conflict between the compilation of central accounts and the operations of an independent audit and such deficiencies as exist in the present system (for instance, the general inadequacy of internal accounting system) may be attributed to factors other than the combination of the two functions in the agency of the Comptroller and Auditor General.

We do not think there is any inherent conflict or disadvantage in the combination of the function of compilation of accounts with that of audit, nor do we think such deficiencies as exist in the present system can be eliminated or mitigated only through the separation of accounts from audit without substantial changes in the institutional framework such as the treasury system of payments and receipts. We have reached the conclusion, on the other hand, that the present pattern has important advantages, notably, of economy and uniformity.

While we do not see any urgent or compelling need to separate the accounts from audit as a matter of general policy, we do recognise that where special circumstances justify, the question of transferring the responsibility for compilation of accounts to the administrative agency concerned may be examined on merits. Cases of this type are the organisations where the transactions are predominantly of a Commercial nature, or where large and frequent transactions with the general public are involved and the payments can be conveniently centralised.

It is only in recent years that there has been some recognitions in Government of the importance of developing and establishing modern accounting systems

within the administrative ministries, but the progress towards implementing this idea has so far been far from impressive.

It is possible to envisage a dual but integrated system of accounts which the appropriation accounts employing a uniform pattern with a minimum of detail will continue to be kept by the Comptroller and Auditor General and subsidiary accounts to assist managerial performance can be organized within the administrative departments in such form and detail as will suit their individual needs.

We recommend that necessary steps may be taken in all administrative ministries, and in subordinate organisations to strengthen the system for maintenance of initial accounts (with such checks as may be considered essential) and of related reports with a view to facilitating proper control over expenditure in relation to Parliamentary grants and appropriations.

Judged from these standards, there is a general weakness of the accounting system in India to provide sufficient data for evaluation and control of performance to the administrative departments and agencies.

It is obvious that much greater attention needs to be given to the maintenance of Commercial accounts on a regular and scientific basis if they are to serve the purposes intended of them. Further a thorough investigation is necessary to determine and establish suitable methods and procedures to provide more analytical data to serve managerial needs.

It will be necessary and desirable to devise accounting and reporting procedures which can produce a regular flow of information at all levels in such a form that physical achievements and their financial costs can be co-related directly without much difficulty. It is obvious that the primary responsibility for such accounting and reporting systems should be assumed by the administrative departments themselves and not by an external agency. Also, these accounts should be fully integrated with the appropriation accounts which serve the purpose of control over expenditure in relation to Parliamentary authorisation.

As a supplementary to an effective accounts organisation within the administrative departments, the institution of internal audit will also be necessary. An efficient organisation for internal audit will be of great value in relieving statutory audit of the necessity of detailed checks on individual transactions and instead directing its primary focus on the financial system as well as the overall performance of administrative agencies.

It is a basic requirement of the drive towards establishing and improving effective accounting system within the administrative departments that the initiative and leadership for a Government wide programme should

be specifically located and we suggest that the appropriate agency for this purpose would be the Ministry of Finance in association with the Comptroller and Auditor General. We also suggest that within each ministry and such of the subordinate organisations as may need it, separate accounting cells may be setup under the direction of an officer of appropriate status to ensure the efficient functioning of the existing set up, and initiate studies and investigations to install suitable accounting systems of supplement to the main accounts, maintain an internal audit organisation and, generally, to act as liaison with the Ministry of Finance in a common endeavour towards improvement of accounting systems, to see that regular reports regarding physical achievements from designated reporting officers are being received.

It will be desirable and appropriate that the accounting functions within the ministries are also entrusted to the Internal Financial Adviser with proper assistance at subordinate levels.

After examining the matter carefully in all its aspects, we have reached the conclusion that a system of chequer control over issues from the Consolidated Fund of India is of academic interest and is not practicable in the context of our decent realised accounting and payment procedures.

We are of the view that a complete separation of the cash balances of the Consolidated Fund, the Contingency Fund, and the Public Account is likely to give rise to several difficulties without much advantage. The present system does not seem to involve any diminution of Parliamentary control over public expenditure. It will be an advantage, however, if the monthly and annual balances of the Consolidated Fund are separately calculated and exhibited in the accounts for general information.

We suggest that the Union and State Governments may launch a programme for a systematic and comprehensive maintenance of the records of fixed assets belonging to the Government. It will obviously be necessary to entrust the responsibility for the consolidation of data to a Central Agency which may, preferably be located in the Ministry/Department of Finance.

We attach great importance to a thorough and effective reorganisation of the treasuries to improve. Substantially the base of the accounting structure in India and facilitate a speedy and accurate compilation of accounts at higher levels. Essentially, the measures for reorganisation should begin with proper staffing and training of the personnel at various levels employed at the treasuries.

A practical way to eliminate the delays involved in the final adjustment of transactions transferred from one account circle to another through exchange or settlement

accounts is to be introduced, to the extent possible, to a system of payments by cash or through bank drafts.

It is not possible to simplify the accounting structure in terms of categories broader than the details presented to Parliament in the Demands for Grants. It follows that the simplification of the budget and the accounts are inter-dependent issues and both have to be simultaneously reviewed and amended as well.

The effort for simplification of the structure of Central accounts may be directed along two approaches. The degree of detail in the presentation of the budget and the demands for grants may be kept at the broadest level consistent with Parliamentary Control, and secondly all details subsidiary to the primary units of appropriation may be eliminated from the Central accounts.

The pattern of primary units of appropriation prescribed by the Ministry of Finance was designed many years ago and provided for minute details with regard to certain items of expenditure. This pattern needs to be reviewed and re-arranged so as to eliminate, to the extent possible, such details as are not essential either for purposes of financial control or for accountability to Parliament.

The budget and the corresponding accounts should contain details only down to the level of primary units of appropriation.

Small schemes, i.e., schemes costing less than Rs. one lakh in the case of State Schemes and Rs. Five lakhs in the case of Central Schemes need not contain a detailed break up of their total expenditure.

At present separate sub-heads are provided for in the Demands for Grants for expenditure in respect of individual schemes. We recommend that in all cases the expenditure may be exhibited only under one group-head in the demands for grants and the corresponding accounts. Similarly, there are large number of Plan Schemes for which separate sub-heads are being provided in the State budgets. Here, also we recommend that schemes of a similar nature or schemes involving only small financial expenditure may be brought together under suitable Sub-heads with a view to reducing the number of existing sub-heads and detailed heads.

It is desirable that Classification System should endeavour to direct and focus attention on the major issues involved in the budgetary process. Broadly speaking, the budget accounts should be so compiled, as to depict to the extent practicable, the total expenditure of Government on its basic functions, programmes and activities.

At present, heads of accounts only partially reflect the broad functions and purposes of governmental expenditure. A greater degree of functional classification would provide more meaningful information on the

broad purposes served by governmental expenditure, irrespective of the organisation making the activities.

It is realised that changes in the classification of accounts, if introduced all at once on a wide scale, may upset normal routine and create some confusion in the maintenance and presentation of accounts. This practical aspects will also have to be borne in mind. Nevertheless, it will be useful to make further progress with reorganising the major heads on the lines of a broad functional classification. An opportunity should be taken, simultaneously to establish a rapport between the account heads and the major heads of development adopted for the purpose of the Five Year Plans. This is a major exercise by itself and can, appropriately, be undertaken by the Union Ministry of Finance with the association of the Planning Commission and the Comptroller and Auditor General who, subject to the approval of President, has the Primary responsibility for determining the structure of Government accounts.

Pending a thorough review of the structure of major heads, it seems feasible to introduce some minor arrangements within the existing framework with a view to providing more informative and meaningful data in tune with the changing pattern of governmental expenditure. At present the number of demands for which provision is made under Miscellaneous Heads is too large and covers activities which can quite legitimately be placed under a separate major head and others which can be classified under some of the existing heads with which they have an obvious affinity. Some of the activities which have assumed importance now do not have a separate major head assigned to them. For instance, the entire expenditure of the Ministries of Petroleum and Chemicals, Steel, Mines and Minerals is exhibited under major heads which, simultaneously Cover a number of different though related activities. The major heads from Nos. 27 to 39 under Section—'Social and Development Services' can appropriately be divided into two sections, one dealing with the Social Services and the other with the Economic Services. The number of major heads can be reduced by a merger of some allied major heads.

At a point where functional classification is extended to an analysis of the overall and subsidiary objectives and programmes of each Ministry or Department and suitable yardsticks of performance for these programmes have been devised, the concept of functional classification becomes almost synonymous with that of performance budgeting.

The Concept of performance budgeting does not impose any rigid or inflexible pattern or conditions and the process of conversion of the traditional budget into a performance budget can be initiated within the broad framework of the existing organisational and accounting



systems.

The first and the foremost requirement for the introduction of performance budgeting in selected areas would be recast of the minor heads to establish a closer link with the specific programmes and activities of the concerned organisation.

It seems quite clear that some modification of the structure of accounts is inevitable to pave the way for introduction of performance budgeting. Nevertheless, there are a few important considerations and limitations which have a direct bearing on this question and should therefore, be given due importance in devising and implementing changes in the accounting structure. In the first place, it is imperative that the proposed modification should conform to the constitutional requirements with regard to presentation of the budget for approval by the legislature and should, in no way, result in whittling down legislative control. Secondly, it is to be borne in mind that the heads of accounts are dealt by a vast multitude of officials including lower division clerks in the departmental offices, treasuries and accounts offices and it is essential that these heads are not changed frequently to avoid wide-spread confusion in the classification and compilation of accounts. Thirdly, the reorganisation of minor heads on the lines of performance budgeting should not have the effect of loading the budget accounts with excessive detail.

Having regard to the considerations stated above, it is not only desirable but essential that we should proceed cautiously in revamping the accounting structure on the lines of performance budgeting. A beginning should be made with one or two heads which concern development activities of considerable national importance and where the end-products can lend themselves to physical measurements and a well-organised reporting and accounting system can be established.

A decision to introduce performance budgeting in selected areas will need to be followed up not only by an assessment of the accompanying changes in the accounting structure but also by the development of an efficient system of internal reporting and auditing, including the establishment of suitable norms of performance.

We believe that the feasibility of introducing mechanised processes in the compilation of general accounts in the offices of the Accounts General, or even certain limited areas, is a matter of detailed examination by an Expert Committee. We recommend that a Special Committee may be constituted for this purpose and the representatives of this Comptroller and Auditor General, Ministry of Finance and other Ministries concerned may be associated with it.

We believe that an effective way of reducing the delays in the payments to Gazetted Officers would be to

eliminate the need for action by three separate agencies and the sanction of the concerned administrative authority being obviously indispensable, a practical and lasting solution, to the problem lies only in combining the functions of the Accounts Officer and the Treasury Officer into a single agency.

We recommend that individual running ledger account system may be extended to cover all Gazetted Officers of the Central Government in such departments as Income-tax, Customs, Central Excise, Central Public Works and Survey of India where officers are frequently transferred from one audit circle to another.

A system of entrusting the responsibility for Gazetted Officers' bills also to the head of the offices will not only more efficient but also less expensive than the present system and we recommend its general adoption in the case of lower ranks of Gazetted Officers, who are not liable for transfer from one audit circle to the another.

It has been observed that the problem of missing credits arises more frequently in the accounts of officers who are liable to be frequently transferred from one account circle to another. We have recommended earlier in this chapter the adoption of the individual running account system of payments in the case of Gazetted Officers who are liable to frequent transfers. With the introduction of this scheme, the problem of missing credits in the accounts of such officers will have been completely resolved. As an alternative to the introduction of the I.R.L.A. system, we would recommend the centralisation of G.P.F. Accounts of officers subject to frequent transfers between different accounts Circles. We further recommend that in order to eliminate the omissions and delays involved in the operation of exchange and settlement accounts, the remittance of G.P.F. Credits may be affected through bank-drafts.

In our view, the proposals enunciated previously many of which are stated to be already under the consideration of the Government of India, would go a long way in simplifying existing system for the sanction and payment of pensions in ridding it of many procedural and other avoidable delays, and redressing the legitimate grievance of the pensioners in this regard.

We have given careful considerations to the proposal for grant of cheque-drawing powers to the drawing and disbursing officers whether individually or in groups. We feel that there will be several difficulties in adopting this proposal as a matter of general policy. However, we are appreciative of the advantage of cheque-drawing powers being exercised in those departments where the volume of transactions in regard to payments to the public is specially large. It will be desirable that in the case of such departments, the system of personnel

ledger accounts which is already operative in certain departments may be introduced. We feel that improved efficiency of the treasuries combined with the introduction of the system of personnel ledger accounts in selected areas will substantially remove the causes of delay in the Procedures of Government payments to the public.

The principle that refunds should be granted with the least delay and inconvenience is unexceptionable and should receive due recognition in all Government Departments and Organisations. The extent to which these procedures can be simplified in the individual organisations can be determined only after detailed investigations which may have to be undertaken as a Special Study.

It should be possible, within the framework of the existing system, to widen the field of direct receipts by departmental officers. We feel, however, that the introduction of a general system of direct receipts in all departments would neither be necessary nor free from risks.

We are of the view that, if necessary, the rules governing payments into Government areas but there is no need for general dispensation of the requirement for the prior signature of the departmental officer on the challan for depositing money into the bank or treasury. We would like to make two further suggestions in this regard. First, the challan for depositing money should be made available in the departmental offices so that the depositor may not have to go to the treasury, in the first instance, merely to collect the challan and bring it back to the departmental officer. Secondly, arrangements may be made for deputing a member of the Treasury Staff to sit in the local branch of the bank to carry out necessary verification at the bank premises and save the depositor avoidable inconvenience of the journey to the treasury for this purposes.

### Role Of Audit

**Approach and Objectives :** It is necessary that the scope and authority of audit should be commensurate with the range and character of their duties and responsibility. At the same time, it is also necessary to ensure that the audit methods and procedures serve to assist administration in achieving economy and efficiency in the discharge of financial responsibilities.

**Scope and Organisation of Audit :** We recommend that :

(i) The dates for the submission of the appropriation accounts, the finance accounts and the audit reports by the Comptroller and Auditor General may be settled between the Comptroller and Auditor General and the Union and State Governments as the case may be ;

(ii) The finance accounts may be submitted simultaneously with the appropriation accounts and the audit report ; and

(iii) The Central and the State Governments may consider the issue of executive orders for placing of the annual reports on the table of the House within a prescribed period after their receipt from the Comptroller and Auditor General. This period may perhaps be limited to a week if Parliament/the State Legislature is in session.

We recommend that the Comptroller and Auditor General of India may submit to the President an annual report on the activities of the Audit Department to be laid before Parliament.

We consider it a matter of great importance and urgency that the powers and functions of the Comptroller and Auditor General should be laid down fully and clearly in an Act of Parliament as envisaged in Article 149 of the Constitution. Specific provisions should be made in this Act to authorize the Comptroller and Auditor General to audit, subject to suitable limitations and conditions, the accounts relating to :

(i) Of authorities/bodies receiving Government assistance in the shape of substantial investments/ loans and grants-in-aid received from Government by non-Government bodies ; and

(ii) Of contractors in case of large contracts settled with Government through direct negotiations and not through open competitive bids.

**Audit and Administration :** It is the operation of the propriety and efficiency types of audit which raises delicate issues of the relationship of audit with administration and it is in this field that the audit activities are specially prone to react adversely on the performance of the executive. We consider this aspect of crucial importance in relation to the audit of public undertakings on account of the apprehension that a rigid and stereotyped scrutiny of contracts for supplies and services is likely to have a hampering effect on the initiative and enterprise of these undertakings.

We regret to note that the progress towards a positive solution of this vexed and long-standing problem of ever-mounting arrears of audit objections cannot be considered to be satisfactory. Apparently, more radical steps need to be taken by the audit and the administration in a co-operative endeavour to improve the situation.

We consider it desirable that the Ministry of Finance in co-operation with the Comptroller and Auditor General, should initiate special studies to determine suitable areas and categories of transaction which may be reviewed by the audit at the site of the Administrative Offices and Agencies. An early beginning may be made in respect of such items of expenditure as contin-

gent charges which obviously seem to be amenable to decentralized audit and the new procedure may be progressively extended to other areas which may be considered suitable for this purpose.

We recommend that a review may be undertaken by the Ministry of Finance, in consultation with the Comptroller and Auditor General, with a view to examining and enhancing the powers delegated to Audit Officers, at various levels, of waiving the recovery of irregular expenditure. The desirability of delegating certain powers of waiving audit objections of a technical nature, irrespective of their monetary value, may also be considered.

At present, all outstanding audit objections, regardless of their nature and importance, are intimated to the concerned ministries in a single half-yearly statement. In our view, it will assist in a quicker disposal of objections and the promotion of better understanding between audit and administration if before presentation to the ministries, the lists of objections are analysed and classified in separate categories to indicate the nature and importance of the entries.

It is suggested that the current procedures may be revised to eliminate the multiplying effect of overlapping audit objections relating to a single transaction and facilitate their examination and settlement.

It should be one of the primary functions of internal audit to tone up the financial management of executive agencies with a view to eliminating such irregularities as are likely to give rise to audit objections.

Suitable training facilities in financial administration may be provided for Executive Officers at various levels and check-lists of important points with regard to various types of transactions may be prepared and distributed among the officers and staff. Simultaneously, laxity in following prescribed rules and regulations should be viewed with pronounced disfavour so as to attract suitable disciplinary action.

We should suggest that the rules and regulations particularly those which give rise to recurrent audit objections, may be subjected to a thorough review in a joint and continuing programme of reforms to be undertaken by the audit and the administrative ministries.

It is of interest to note in this connection that in the U.S.A. the Comptroller General often comments on even those cases where either no irregularity or deficiency has been noticed by audit or commendable standards of efficiency have been found to exist. We would commend this practice to the Comptroller and Auditor General in India and suggest, in particular, that instances of waste, extravagance or other irregularities occurring in the audit report should be presented against the background of all the relevant circumstances

of the case including, wherever appropriate, the aims and objectives of the related activities.

There are some instances in which losses are suffered and subsidies are given by the Government as a matter of deliberate policy to further certain objectives of Social and Economic Developments. It is desirable that in cases of this type appearing in the audit report, full details of the inevitable losses should also be furnished in the report so as not to cast an unfair and undeserved reflection on administrative performance.

We feel that too much stress has been laid in the past on the objectivity and independence of audit with the unfortunate result that the attention of audit has not been directed sufficiently towards playing a more positive and constructive role lest this should be constructed as unwarranted intrusion into the field of administrative responsibility. We have suggested elsewhere in this report that certain types of irregularities *coming to the notice of audit should be settled*, to the utmost extent, in consultation with the administrative ministries and should not be included in the audit report. We feel that this principle should be given a wider and more extensive application and recommend that, as far as possible, cases in which administration have taken remedial and preventive measures to the satisfaction of audit, may not be included in the audit report.

**Audit of Special Areas and Agencies :** We consider it desirable that the Comptroller and Auditor General should take all necessary steps to strengthen and develop necessary competence and expertise for efficiency-cum-performance audit to cover, progressively, a larger number of important Schemes and Projects. It will be useful if audit operations are made applicable not only to schemes which have already been completed, but also to current schemes so as to locate possible deficiencies which can be rectified in time.

We think it should be one of the important functions of audit to examine the adequacy of the accounting organisation and procedures within the executive agencies and suggested suitable measures for improvement and reform wherever necessary.

We should like to reiterate that the Comptroller and Auditor General's Audit should be regarded as complementary to and not as a substitute for internal controls within the executive agencies ; indeed, the utility and quality of audit reviews would be greatly enhanced by the existence of systematic arrangements within the executive agencies to evaluate the progress and performance of their projects from time to time.

We are of the view that all revenue receipts of the Central Government as well as the State Governments should be subjected to audit by the Comptroller and Auditor General. We suggest that a specific provision may be made in the proposed enactment for audit of

all revenue receipts of the Union Government as well as the State Governments by the Comptroller and Auditor General.

We find it hard to understand why audit activities, in themselves, should have a deleterious effect on the initiative and judiciousness of senior officers of the Income Tax Department. It is possible, and indeed likely, that much of the dissatisfaction with the working of audit arises really from the nature and severity of the follow-up action taken by the administrative authorities themselves. It has been brought to our notice that recently the departmental practice with regard to the follow-up action on mistakes reported by the audit has been reviewed and the revised procedures contemplate the exercise of discretion and judgment in calling for explanations for the various types of mistakes pointed-out by the audit. This will go a long way in reassuring the income tax officials that bonafide mistakes and errors of judgment on their part will not be viewed with undue severity in isolation from the background of their general performance.

It is desirable that doubts and differences between audit and revenue authorities regarding interpretation of the statute should be resolved through mutual consultations in association, if necessary, with the Ministry of Law and in a spirit of understanding and appreciation of their complementary roles.

Audit should give special attention to the examination of the adequacy of set up for internal audit and other regulations and procedures to secure an effective check on proper assessment of various taxes.

The post of the Examiner of Local Funds Accounts may be accorded sufficiently high status and may be manned by senior officers taken on deputation from the Indian Audit and Accounts Department. In due course, the Comptroller and Auditor General may consider the desirability of issuing suitable directives to the Examiners with regard to the discharge on his behalf, of the audit duties entrusted to them.

With the addition of further information about the progress of important Schemes and Programmes and the situation with regard to taxes levied and collected, the consolidated accounts will focus attention more directly on performance in terms of both the financial and the physical targets of the Panchayati Raj Institutions and thus stimulate better utilisation of the funds entrusted to them.

We are inclined generally to agree with the appropriate organisation for the purpose in view. We consider it necessary, however, that the audit wing should be segregated completely from the administrative wing of the Co-operative Department and for this reason placed under the direct control of either the State Finance Department or the Development Commissioner of the

State. It will be an advantage, if the officer is taken on the basis of merit and competence, either on deputation from the Audit and Accounts Service or from among the departmental officers, with adequate experience in accounting.

The accounts of Co-operative Societies (excluding Co-operative Banks) receiving large assistance by way of loans, including guaranteed loans, and share capital (say, Rs. 5 lakhs) and grants-in-aid exceeding Rs. 1 lakh recurring and Rs. 5 lakhs non-recurring, should be audited by the Comptroller and Auditor General in his discretion, in addition to the departmental audit.

As in the case of Panchayati Raj Institutions, an annual consolidated statement and review of the accounts of the Co-operative Societies may be prepared for submission to the State Legislatures.

**Audit of Public Sector Undertaking:** We are not aware of the special circumstances which necessitate a varied approach to the role of the Comptroller and Auditor General's audit in relation to statutory corporations. We suggest that the association of the Comptroller and Auditor General with the audit of such corporations should be on the normal rules which should be dispensed with only in very unusual and compelling circumstances.

We suggest that the desirability of incorporating audit comments not in the Audit Report (Commercial) may be examined by the Comptroller and Auditor General.

We are satisfied that, for several reasons, it is necessary and desirable to associate the Comptroller and Auditor General, as an independent authority, with the audit of Government companies.

We would suggest that the Comptroller and Auditor General's audit and the Chartered Accountant's audit may be so co-ordinated that the audit staff from both sides can visit the organisation at or about the same time and the annual accounts can be finalized expeditiously and with the minimum strain on the management.

We suggest that in consultation with the Comptroller and Auditor General, the Company Law Department may evolve suitable procedures to see that the auditors of Government companies are appointed by the first or second month of the relevant year.

We recommend that the practice of closing accounts half yearly and of concurrent audit by chartered accountant may be adopted, wherever feasible in the early completion of annual accounts.

We recommend that the Comptroller and Auditor General may take all steps necessary to develop the requisite degree of competence and expertise within his organisation for the effective conduct of efficiency audit of public undertakings and device, where necessary,

suitable procedures to associate such technical experts, senior administrators and economic experts in this endeavour.

While it seems inevitable that audit should be concerned with individual instances of waste and extravagance, we would also recommend that they should also endeavour to assume a more positive role in reviewing the adequacy of the various rules and regulations and suggestion ways and means of improving the organisation and methods of work of the public undertakings.

We would suggest that every effort should be made by audit to settle objections arising from the award of

contracts for works, supplies and services through discussion with the management of the public undertakings and, if necessary, with the concerned ministry. The aim should be to resolve all disputed points satisfactorily between audit and administration at appropriate levels, so as to obviate the need of there being included in the audit report of the Comptroller and Auditor General. We would further suggest that after ascertaining the views of the Comptroller and Auditor General, the administrative ministries and the Managements of Public Undertakings may be made aware of this procedure for consultation with audit for the settlement of objections relating to the award of contracts.

## RETAIL OUTLETS COMMITTEE, 1966—REPORT

Delhi, Manager of Publications, 1968. 147p.

Chairman : Shri R. R. Morarka.

Members : Shri I. K. Gujral (replaced by Shri Chandra Sekhar); Shri S. D. Bhambri; Dr. V.G. Bhatia; Shri R. Dayal (replaced by Shri K.N. Khanna); Shri P.V. Menon; Shri B. Lal (replaced by Shri H.R. Bery); Shri A.R. Damodaran; Shri M. Kuriew; Shri Kundan Lal.

Secretary : Shri A.P. Verma.

### APPOINTMENT

The Retail Outlets Committee was appointed under the Ministry of Petroleum and Chemicals, vide their Gazette Notification, dated June 9, 1966.

### TERMS OF REFERENCE

(a) To make a factual study of the growth of retail outlets in the last ten years and of the volume of average sales per outlet, a comparison with the position in other countries and an assessment of the justification for and consequences of the increases that have taken place shall be made;

(b) In the light of (a) above, to report on the need for and methods of regulating the growth of retail outlets in the future with reference to :

(i) The position in and the needs of the urban and rural areas separately, and

(ii) The expected growth of total business in the country and company-wise; and the criteria to be adopted in any such regulations.

(c) To Consider the desirability and feasibility of inter-company accommodation and/or adjustment in existing outlets.

### CONTENTS

Acknowledgements; Background; Preliminary Work; Pattern of Growth of Retail Outlets; Investment on Retail Outlets; Throughouts of Retail Outlets; Estimates of Demand and Product Availability; Need for Regulation; Inter-Company Adjustments; Dealer Profitability; General Observations; Conclusions and Summary of Recommendations.

### RECOMMENDATIONS

Considering that a retail outlet, even with the barest minimum facilities, i.e., pump, tank, driveway and kiosk, costs nothing less than Rs. 30,000, the total foreign exchange component of about rupees one thousand, is not of an order which may warrant any specific restrictions by itself. On account of this reason, the Committee has not favoured any regulation on future growth merely on this score. The Committee would, however, urge that the Government seriously take up the matter of developing indigenous capacity to wholly do away with the imported components.

In a developing economy with a scarcity of resources, their conservation assumes special significance. The Committee felt that orderly growth of retail outlets in accordance with agreed principles was a desirable step as it would contribute towards the conservation of scarce

resources.

Dealer profitability has come under pressures as a result of the interaction of a static dealer commission on the one hand and rising operating costs and higher working capital needs arising from price increases dictated by excise duty changes on the other. A planned and deliberate slowing down in the rate of outlet growth should mitigate to a limited extent the pressure on dealer profitability.

The Committee recommends that if and when a stage arises, where some companies may have to negotiate with the IOCL to purchase products to meet the full requirements of their outlets, the proposed arrangement of sharing of profits on such sales can be mutually negotiated between the oil companies at that time.

It was represented to the Committee that in many cases where the retail outlet is located on the private land, especially on the highways, the lease of public land covering the approach roads is either not granted or not renewed. The Committee recommends that no restrictions should be imposed in this regard and the lease of the approach roads should normally be granted or renewed as necessary.

The Committee recommends that the Government may withdraw/revise all instructions said to have been issued, purporting to impose restrictions/constraints, about the grant or renewal of lease on public lands, to the private oil companies.

The Committee recommends that the oil company setting up the retail outlet, should simultaneously apply to all of the authorities whose clearance is necessarily required.

The Committee recommends that the concept of maintaining a certain minimum distance between the two outlets may be left to the discretion of the oil companies and the local authorities.

The Committee recommends that in considering the setting up of Retail Outlets close to road junctions a fairly long range view should be taken so that as and when the traffic develops, such retail outlets may not constitute a traffic hazard.

The minimum amenities favoured by the Committee are : (a) Public Telephone; (b) Toilet facilities; (c) Light Refreshments; and (d) Parking space.

A beginning could also be made at selected Outlets for the sale of post-cards, envelopes and for the issue of telegrams.

The Committee also recommends development of Mobile Filling Stations, similar to ones used in Japan, which may be one solution for meeting requirements in the rural areas effectively and economically.

Sale of fertilizers and pesticides could be taken up through selected up country. Retail Outlets serving the farming areas. In the light of experience gained, this facility can be extended to larger number of Outlets.

## ADMINISTRATIVE REFORMS COMMISSION, STUDY TEAM ON ADMINISTRATION OF UNION TERRITORIES AND NEFA, 1967—REPORT

Delhi, Manager of Publications, 1968. (2 Vols.)

Chairman : Shri R.R. Morarka.

Members : Shri M.N. Naghnor; Shri Triloki Singh;  
L.C. Jain; Shri A.D. Pandey; Shri D.J.  
Madan.

Secretary : Shri Naresh Chandra (replaced by Shri  
R.N. Chopra.

### APPOINTMENT

The Administrative Reforms Commission appointed the Study Team on the Administration of Union Territories on June 16, 1967.

### TERMS OF REFERENCE

The Study Team will examine the administrative structure of the Union Territories including Delhi and suggest reforms with a view to avoiding delays and securing economy in expenditure consistent with efficiency. The Team will also examine the relations between the Government of India and the Administration of Union Territories and make recommendations for redefining them where necessary.

Subsequently, on the 24th of June 1967, the terms

of reference were enlarged to include the following :

1. To examine the existing structure of taxation and other sources of revenue and recommend changes or modifications that are necessary or feasible both by way of rationalisation and with a view to increasing the revenue resources of the Union Territories in respect of matters covered by the State and Concurrent List of Seventh Schedule to the Constitution.

2. To estimate the revenue receipts of the Union Territories for the remaining years of the Fourth Five Years Plan (1968-69 to 1970-71) on the basis of the levels of taxation or other means of raising revenue that could be attained during those years.

3. To estimate the financial requirements of the Union Territories to meet the committed revenue expenditure on maintenance and upkeep of Plan Schemes completed during the Third Plan.

4. To examine the present arrangements for budgeting and expenditure control in the Union Territories and to suggest modifications, if any, that are necessary.

#### For Union Territories With Legislatures Only

5. To make recommendations as to the principles that should govern the determination of the quantum of financial assistance by way of grants-in-aid and loans that should be given to the Union Territories with legislatures to enable them to meet the gap between their own revenue resources and their net revenue expenditure, or for financing their capital expenditure (including loans) as the case may be, during the remaining years of the Fourth Five Year Plan (1967-68 to 1970-71). In particular the recommendations should cover questions as to whether the Central Assistance should be fixed amount or amounts varying in proportion to the resources raised by the Union Territories, whether different principles should be followed for assistance for Plan and non-Plan expenditure and whether the comparative stage of development in neighbouring States should be a guiding factor.

6. To make recommendations as to whether the Union Territories with Legislatures should set up sinking funds to enable them to repay the loans advanced by the Central Government or whether they should be given fresh loans by the Central Government to refund the earlier loans.

In its order dated February 16, 1968, Administrative Reforms Commission added the Administration of the North East Frontier Agency to the Administrations in respect of which studies had been remitted by the Commission in the original order appointing the Study Team.

#### CONTENTS

Introductory; Introduction; Historical Background;

The Perspective; Problems of Union Territories with Legislatures; Administrative Problems; Financial Matters; Proposals for Reform; Autonomy of Territorial Administrations; Reforms—Administrative; Financial Administration; Additional Resources; Economy; Individual Union Territories and The Union Territory of Himachal Pradesh; The Union Territory of Delhi; The Union Territory of Goa, Daman and Diu; The Union Territory of Pondicherry; The Union Territory of Tripura; The Union Territory of Manipur; The North East Frontier Agency; The Union Territory of Andaman and Nicobar Islands; The Union Territory of Laccadive, Minicoy and Amindivi Islands; The Union Territory of Dadra and Nagar Haveli; The Union Territory of Chandigarh; The Future of Union Territories; Statehood; The Problem of Merger; Special Problems of Delhi; Conclusion; Scope and Method of Work; Summary of Recommendations; Appendices from I to XVI.

#### RECOMMENDATIONS

##### Part I—Introductory

##### Chapter I—Introductory

No Recommendations.

##### Chapter II—Historical Background

No Recommendations.

##### Part II—The Perspective

##### Chapter I—Problems Of Union Territories With Legislatures And

##### Chapter II—Administrative Problems

No Recommendations

##### Part III—Proposals For Reform

##### Chapter I—Autonomy Of Territorial Administrations

Recommendation No. 1 (224) : The guiding principle which should govern the relations of the Central Government and The Union Territories with Legislatures must provide for the exercise of maximum autonomy by the Territorial Administrations, while at the same time retaining minimum control with the Central Government in a few crucial sectors of activities ;

If there is any provision or law or rule which does not conform to this principle it must be amended.

Recommendation No. 2 (226) : The over-riding powers of Parliament under Article 246 (4) to make laws with respect to any matter for the Union Territories notwithstanding the such matter is a matter]



enumerated in the State List, may be allowed to remain intact.

**Recommendation No. 3 (230-232) :** Section 25 of the Government of Union Territories Act, 1963 should be amended in such a manner that the Administrator is empowered in his discretion to give or withhold the assent of the President to Bills passed by the Legislative Assembly. Those powers will, however, be subject to the following limitations :

(a) The Administrator shall comply with any instructions general or otherwise, given him by the President in respect of such Bills :

(b) He shall, if so directed by the President, reserve any Bill for the consideration of President, and a Bill, so reserved, shall not have any force unless and until he makes known that it has received the President's assent; and

(c) Notwithstanding that a Bill relates to a matter included in the State List, he shall reserve it for consideration of the President if a Governor of a State is likewise required to reserve a similar Bill for consideration of the President under any provision of the Constitution.

The Administrator may also return the Bill together with a message requesting the Assembly to reconsider the Bill or any Specified Provision thereof and in particular consider the desirability of introducing any such amendments as he may recommend in his message. When the Bill has been so reconsidered the Bill again be presented to the Administrator and the provision mentioned in the above paragraph will again apply.

Inasmuch as the Administrator will have to act in his discretion in withholding or according assent to a Bill Presented to him subject to the general limitations mentioned above, it would be appropriate to lay down specific guidelines for the Administrator in the form of an instrument of instructions more or less on the lines of the instructions issued under the constitutional Acts of 1919 and 1935. The instrument may also provide for matters other than those connected with the exercise of legislative power by the Assembly.

**Recommendation No 4 (233) :** Simultaneously, with an amendment of Section 25 of the 1963 Act, those provisions of the Rules of Business which require prior constitution with the Central Government before legislation is initiated by the Territorial Administration, may also be amended.

**Recommendation No 5 (233) :** In order that drafting of legislation undertaken at the Territorial level is not defective either suitable legal draftsman should be provided in the Union Territories or it should be left to the Concerned Administration to seek the help of the Central Government if it so desires.

**Recommendation No. 6 (235) :** As a corollary to the

recommendation regarding assents to the Bills by the Administrators, it will be appropriate to empower him to promulgate an ordinance during recess of the Legislature. These powers may, more or less, follow the provisions of Article 213 of the Constitution. In relation to these powers, provision can be made for laying down guidelines in the Administrator's Instrument of Instructions.

**Recommendation No. 7 (237 & 238) :** Even considering that the Central Government have a direct interest in the budgets of the Union Territories as they provide the bulk of their revenues through grants and loans, a method must be found for restricting Central Scrutiny to the absolute minimum. This can be done by giving advance intimation of the quantum of Central assistance to the Territorial Administrations and thereafter allowing them to prepare their own budgets (for detailed proposals see Recommendation No. 67). There is, therefore, no need for amendment of Section 27 of the 1963 Act.

**Recommendation No. 8 (239-241) :** The proviso to Section 44 of the 1963 Act empowers the Administrators to differ with his ministers and refer the disputed matter to the President for decision. Although this provision does not conform to the guiding principle which should govern the relations of the Central Government with the Territorial Administrations the balance of advantage lies in allowing it to remain on the Statute Book for the present.

The use of the powers conferred by Section 44 must be restricted to the most exceptional circumstances and this fact should find mention in the instrument of Instructions proposed earlier. In practice, the mere presence of this provision on the Statute Book should suffice, without any need for its actual use.

**Recommendation No. 9 (242) :** The appointment of the Territorial Ministry by the President instead of the Administrator need not be considered as objectionable. Hence there is no need for amendment of Section 45 of the 1963 Act.

**Recommendation No. 10 (243) :** Section 46 of the 1963 Act should be amended to provide that the Central Government will only retain powers to frame those Rules of Business which impinge on the relation of the Central Government with the Union Territories. The framing of the rules which regulate the internal working of the Administration may be left to the Administrator. If any general directions are to be given in this respect, they can find place in the proposed Instrument of Instructions.

**Recommendation No 11 (244) :** Those provisions of the Rules of Business which require prior concurrence of the Central Government before Undertaking legislation on specified matters should be amended. The interests of the Central Government will be adequately safeguarded

if legislation on the following matters is undertaken with the prior approval of the Central Government, viz;

- (a) Officials language of the Union Territories ;
- (b) Public orders ;
- (c) Police ;
- (d) Matters which effect or are likely to effect the interests of any minority Community, scheduled caste, Scheduled Tribe and Backward class ;
- (e) Salaries and allowances of Ministers, Deputy Ministers, Speaker, Deputy Speaker and Members of the Legislative Assembly ;
- (f) Any matter which may ultimately necessitate additional financial assistance from the Central Government through :
  - (i) Substantive expenditure from the Consolidated Fund of the Union Territory ; or
  - (ii) The abandonment of revenue ; or
  - (iii) Lowering of tax rates.

In relation to subjects included in the Concurrent list, however prior concurrence of the Central Government is essential and it is so prescribed even in the case of State Governments.

**Recommendation No. 12 (247) :** Those provisions of the rules of Business which require prior reference to the Government of India before issue of orders should also be amended. It is recommended that except for the following classes of cases, it shall not be necessary to make a reference to the Central Government in any other matter, viz ;

- (a) Important cases which effect or are likely to effect the peace and tranquility of the Union Territory ;
- (b) Cases which effect or are likely to effect the interests of any minority community, Scheduled Caste ; Schedule I Tribe and Backward Class ;
- (c) Cases which effect the relations of the Central Government with any State Government, the Supreme Court or any High Court ;
- (d) Proposals for appointment to the post of Chief Secretary, Finance Secretary, Development Commissioner, Inspector General of Police, and the Chairman of the Services Selection Board ;
- (e) Proposals involving alteration in the essential features of an approved plan Scheme ; and
- (f) Cases in which the Administrator does not have powers under the Delegation of Financial Powers Rules or other similar rules.

**Recommendation No. 13 (249) :** Those Rules of Business which require the Submission of specified cases to the Administrator before issue of orders should also be amended as these provisions vest far too much control in the Administrator. It is recommended that except for the following class of cases, it shall not be mandatory to submit any case to the Administrator, viz ;

- (a) Cases required to be referred to the Central

Government Under the Government of Union Territories Act, 1963 or the Rules of Business ;

- (b) Constitution of Advisory Boards Under Section 8 of the Preventive Detention Act, 1950 ;
- (c) Cases pertaining to the Administrator's Secretariat, personal establishment, etc ;
- (d) Mercy petitions from persons under sentence of death ; and

(e) Any departure from the Rules of Business which comes to the notice of the Chief Secretary or the Secretary of any Department.

**Recommendation No. 14 (250) :** If any papers are requisitioned by the Administrator the Departmental Secretary shall forward them to him through the Chief Minister.

**Recommendation No. 15 (251) :** The present procedure of issuing two sets of amendments, one from the Finance Ministry amending the D.F.P. Rules and the other a Presidential Order from the Ministry of Home Affairs amending the Rules of Business, result in unnecessary duplication. It is, therefore, recommended that matters which are dealt, with under separate statutory Rules, such as the D.F.P. Rules, need not be included in the Rules of Business.

**Recommendation No. 16 (252) :** In order that the exercise of Central responsibility in areas considered vital does not jeopardise the autonomy of the Territorial Administrations, it is necessary to clearly specify the areas of central responsibility. Such responsibility should extend to the following matters only viz ;

- (i) Official language of the Union Territories ;
- (ii) Peace and tranquility in the Union Territories ;
- (iii) Police ;
- (iv) The interests of any minority community, Scheduled Caste, Scheduled Tribe and Backward class ;
- (v) The annual plan and five-year Plans of the Territories ; plan evaluation ;
- (vi) The budget estimates of the Territories to the following extent ;

(a) The annual financial statement for the purpose of obtaining the approval of the President under the provisions of Section 27 of the Government of Union Territories Act, 1963 ;

(b) "Really new items" of expenditure proposed for inclusion in the budget ;

(c) Broad review of "really new items" on the non-plan side to ensure that they do not entail any additional liability on the Central Government ; and

(d) Examinations of proposals for re-appropriation from Plan to non-Plan items.

(vii) Overall management of the All India Services and appointments to "crucial" posts ;

(viii) Salaries and allowances of Ministers, Deputy Minister, Speaker, Deputy Speaker and MLA's ;

(ix) Proposals entailing additional central assistance on account of :

(a) Substantive expenditure from the Consolidated Fund of a Union Territory ;

(b) The abandonment of revenue ; or

(c) Lowering of tax rates ;

(x) Proposals for Legislation in relation to (i), (ii) (iii), (iv) and (viii).

**Recommendation No. 17 (253) :** While acting as an agent of the centre, the Administrator must remember that as Head of the Territorial Administration, it is also his duty to represent the views of his Administration before the Central Government. In many matters, therefore, it may be necessary for him to intercede on behalf of his Administration with the Central Government and use his influence to further the interests of the Territory.

**Recommendation No. 18 (259) :** The members of the Territorial Legislatures should be included in the electoral colleges for the election of the President. If necessary, the representation of the Union Territories in Parliament may be reduced.

## Chapter II—Reforms—Administrative

**Recommendation No. 19 (265) :** There does not appear to be any need for a separate Ministry or Department for Union Territories.

**Recommendation No. 20 (266) :** The Additional Secretary who is incharge of the work relating to Union Territories in the Home Ministry may be up graded to a full-fledged secretary.

**Recommendation No. 21 (268) :** The Home Ministry should be assigned the role of looking into and associating with the plans of the Union Territories, their formulation and evaluation. Accordingly, a formal amendment should be made in the Government of India (Allocation of Business) Rules assigning to the Home Ministry the role of co-ordinator and overall planner for the Union Territories.

**Recommendation No. 22 (270) :** A New post of Director of Finance and co-ordination may be created in the Home Ministry. The status of this officer may be that of a Director (pay Rs. 1800-2000 p.m.). He will function as the Financial Adviser in relation to the Union Territories and devote particular attention to such crucial matters as resource mobilisation of budgetary trends, economies in staff and other expenditure, rationalisation of financial procedures, review of financial delegations and other aspects of financial administration in the Union Territories. He will also provide a second focal point in the Ministry from which an overall view can be had of the functioning of the total administrative process in the Territories. Work emanating from all sections of the Ministry dealing with

financial, administrative and legislative aspects must be routed through this officer. His place in the hierarchy will be above the Deputy Secretaries and below the Joint Secretaries. He must be sufficiently experienced in the field of administration and finance and these qualifications will have to be kept in view in making postings.

**Recommendation No. 23 (273-275) :** Territorial and functional responsibilities in the Home Ministry should be separated to the maximum extent possible. This can be achieved without much disturbance of the existing arrangements. There should be three service cells in the Ministry organised in the following manners :

(i) **Finance Cell :** The present Account Sections, the Planning Cell and Finance Section, which are under the Deputy Financial Adviser, will together constitute the Finance Cell. This Cell shall be directly under the Director of Finance and co-ordination, who will now replace the Deputy Financial Adviser :

(ii) **Policy and Co-ordination Cell :** The work envisaged for this cell is, to a large extent, already performed in the Legislative section. There should not be any difficulty in redefining the work allotted to this section, so as to include all aspects of policy and co-ordination. As at present, this cell will continue under the Deputy Secretary who deals with Union Territories Legislation. He can, if necessary, be redesignated as Deputy Secretary, Policy and co-ordination ; and

(iii) **Personnel Cell :** At present, all work relating to the services in the Union Territories is dealt with by the Deputy Secretary incharge of Delhi and Chandigarh. We feel that in view of the increasing workload relating to the Union Territories cadres of the I.A.S., I.P.S., Indian Forest Service, the DHANI Services, the Civil and Police Services of the Union Territories, the Judicial Services etc., there is need for a separate Deputy Secretary for this work. The personnel cell may, therefore, be placed in the charge of a separate Deputy Secretary.

There may also be three territorial desks as under :

(a) Delhi, Chandigarh, Andaman and Nicobar Islands and Laccadive, Minicoy and Amindivi Islands.

(b) Himachal Pradesh, Goa, Daman and Diu, Pondicherry, Manipur, Tripura and Dadra and Nagar-Haveli.

(c) North East Frontier Agency.

**Recommendation No. 24 (275) :** The Deputy Secretary presently incharge of Delhi, Chandigarh and other services may assume additional charge of the two Island territories. His responsibilities in respect of services should be assigned to another Deputy Secretary exclusively incharge of this subject.

The Deputy Secretary presently incharge of the Union Territories with Legislatures, Dadar and Nagar-

Haveli, and the two Island Territories, will now have his charge reduced and, as such, his under secretary can be taken away. The post of the under Secretary thus rendered surplus can be upgraded to provide a separate Deputy Secretary, for services.

**Recommendation No. 25 (276) :** In choosing officers for manning posts of Deputy Secretaries and above in the Union Territories' wing of Home Ministry, preference may be given to officers from the Union Territories' Cadre of the IAS.

**Recommendation No. 26 (277) :** In subject matter ministers, officers of the status shown below should be earmarked exclusively to deal with matters concerning Union Territories :

- (a) Additional Chief Engineer CPWD ;
- (b) Directors of Irrigation and power ;
- (c) Chief Conservator of Forests ;
- (d) Assistant Director General of Health Services.

**Recommendation No. 27 (278) :** In order that the Legal Department in the Union Territories can consult the Union Law Ministry in respect of legislative measures and other important legal, issues a joint secretary in the Law Ministry with necessary supporting staff may be earmarked for this purpose. He will also cater to the needs of the Union Territories' wing of the Home Ministry.

**Recommendation No. 28 (279) :** In respect of other ministries an officer not below the rank of a Deputy Secretary may be nominated to co-ordinate all matter concerning Union Territories. The name of this officer should be intimated both to the Home Ministry and each Union Territory. He will be contacted for assistance in expediting pending cases.

**Recommendation No. 29 (281) :** All five Union Territories with legislatures and Delhi should have Administrators uniformly designated as the Lt. Governors. In other Territories, except Dadra and Nagar-Haveli, the Administrator should be designated as Chief Commissioner. In the case of Dadra and Nagar-Haveli, the present arrangements can continue, in other words, the Lt. Governor of Goa, Daman and Diu, will be designated as Administrator for this Territory. Even if there cannot be complete uniformity, there must be some rational basis for designating the Administrators and this should be in accordance with the above recommendations.

**Recommendation No. 30 (283) :** The pay and status of the Lt. Governor should, as a general rule, be the same as that of the present Lt. Governors of Delhi, Himachal Pradesh, Goa, Daman and Diu and Pondicherry.

Except for the Chief Commissioners of the Laccadive, Minicoy and Amindivi Islands, the other two Chief Commissioners, viz., the Chief Commissioners of

the Andaman and Nicobar Islands and Chandigarh, should be equivalent in status to Joint Secretaries in Central Government.

The Chief Commissioner of the Laccadive, Minicoy and Amindivi Islands, should be equivalent to a Director in the Central Government.

**Recommendation No. 31 (284) :** In view of the duties and responsibilities of Administrators, experienced civil servants or other persons with wide experience of civil administration will be the most suitable for appointment to such posts.

**Recommendation No. 32 (287) :** In small Administrations like those in Chandigarh, Dadra and Nagar-Haveli and the Laccadive, Minicoy and Amindivi Islands there is no need for a Chief Secretary. The functions of this officer can be performed by the Administrator himself.

In the Larger Administrations, particularly where there is a Council of Ministers, a Chief Secretary is essential, keeping in view the nature of problems faced by the Union Territories and their comparatively poor state of political and administrative development, there is need for an adequately experienced and qualified Chief Secretary. On these considerations, the (status) of the Chief Secretaries in the Union Territories should be as follow :

- |   |                        |
|---|------------------------|
| 1. Delhi                                    |                        |
| 2. Himachal Pradesh                         | Joint Secretary in the |
| 3. Goa, Daman and Diu                       | Central Government.    |
| 4. Manipur                                  |                        |
| 5. Tripura                                  |                        |
| 6. Pondicherry                              | Director, Deputy       |
| 7. Andaman and Nicobar Islands              | Secretary              |
| 8. Chandigarh                               |                        |
| 9. Dadra and Nagar-Haveli                   | No Chief Secretary     |
| 10. Laccadive, Minicoy and Amindivi Islands |                        |

There is no need for a Chief Secretary in the NEFA Administration.

**Recommendation No. 33 (290) :** Instead of the present pattern of a large number of Inexperienced Secretaries of Law Status, there should be a smaller number of senior and experienced Secretaries in each Territorial Administration. The Actual number of Secretaries to be appointed in each Union Territory should be as under :

- |                     |   |
|---------------------|---|
| 1. Himachal Pradesh | Four Secretaries, one of whom may function as Development Commissioner. |
|---------------------|---|

2. Delhi, Goa, Daman and Diu, Manipur and Tripura. There Secretaries, one of whom many function as Development Commissioner.
3. Pondicherry Two Secretaries
4. Other Union Territories. The present position may continue.

**Recommendation No. 34 (291) :** The Status of the Secretaries and Development Commissioner should be equivalent to a Deputy Secretary in the Centre. This will mean an officer with a minimum of nine years, service. The Central Government will have to ensure that there is no departure from this rule. If officers of sufficient seniority are not available in the Union Territories Cadre of the IAS, there should be no hesitation in obtaining suitable officers on deputation from States.

**Recommendation No. 35 (292) :** In the case of the Andaman and Nicobar Islands, the special pay attached to the post of Finance Secretary should be increased to Rs. 200 per month, so as to bring it on par with an IAS Under Secretary in the Centre.

**Recommendation No. 36 (293) :** The Secretaries may be given assistance at the level of Deputy Secretaries and Under Secretaries after appropriate work studies. This special pay attached to the post of Deputy Secretary may be fixed at Rs. 150 per month and that of under secretary may be fixed at Rs. 100 per month.

**Recommendation No. 37 (294) :** Till such time as the entire work of the secretariat is properly distributed between the Chief Secretary and the Secretaries, there may be no objection in conferring ex-officio secretariat status on one or more principal heads of departments such as the Principal Engineer, Director of Education, Chief Conservator of Forests, etc. As a general rule, however, the system of ex-officio Secretaries is not favoured. Experience has shown that there are many disadvantages in this arrangement.

Keeping in view these considerations, the grouping of subjects into Secretaries' charges has been worked out for Himachal Pradesh, Delhi, Goa, Daman and Diu, Manipur and the North East Frontier Agency ; these proposals have been incorporated in the relevant chapters in part IV.

**Recommendation No. 38 (299) :** The Secretaries in the Union Territories may introduce the system of "officer orientation" as they are in an advantage position to do so.

**Recommendation No. 39 (300) :** The Rules of Business should require that all cases requiring submission to the Council of Ministers should be routed through the Chief Secretary in his capacity as Secretary to the Council and empower him : (a) to return incomplete cases ; and (b) to examine any cases to point out to the Chief Minister the precise implications of the proposals made therein before it is discussed in the

Council.

A copy of the weekly statement of important cases disposed of in a department, which is at present submitted to the Administrator and to the Chief Minister under the Rules of Business, should also be sent to the Chief Secretary. Important Communications received from the Government of India and required to be shown to the Chief Minister and the Administrator under rule 23 of the Rules of Business, should be routed through the Chief Secretary.

All cases of appointment and transfers of heads of departments should be routed to the Chief Minister through the Chief Secretary. A convention should be established whereby cases involving differences of opinion between two or more departments are reported by the secretary concerned to the Chief Secretary at as early a stage as possible so that the latter's good officers should be available for removal of difficulties through informal consultation at administrative level.

The Chief Secretary should keep a supervisory eye on the efficient working of the various departments.

**Recommendation No. 40 (301) :** The Chief Secretary should be empowered to call for any pending papers and refer them to the concerned Minister and Chief Minister with his Comments.

**Recommendation No. 41 (301) :** The Chief Secretary should be empowered to record his opinion on the confidential reports of all Secretaries and Heads of Departments in the Administration.

**Recommendation No. 42 (302) :** The Home Ministry alone should be empowered to make appointments to the posts of Chief Secretary, Finance Secretary, Development Commissioner, Inspector General of Police and Chairman of the Services Selection Board. Such powers should also extend to short-term vacancies.

**Recommendation No. 43 (303) :** In filling the post of Finance Secretary in the Union Territories, the Home Ministry should consult the Ministry of Finance.

If an officer with sufficient experience of financial administration is not available in the Union Territories Cadre of the IAS, there should be no hesitation in obtaining a suitable person from other State Cadres. Alternatively, the Home Ministry should arrange for the training of young officers of the Union Territories' Cadre of the IAS in the Union Finance Ministry.

**Recommendation No. 44 (305) :** In order to strengthen the arrangements for planning in the Union Territories, the following steps are recommended :

(i) The Planning Department should not only give proper attention to the overall aspects of planning but also over see correct formulation of departmental plans by individual departments. It should also deal into departmental details to effect the required dovetailing and co-ordination and ensure that the broad targets set

will be adhered to ;

(ii) To enable the Planning Department to discharge the above functions, it should be located at a point prestigious enough to be effective, i.e. under the Chief Secretary ;

(iii) The department will also be responsible for taking the initiative in convening meetings of the Planning Committee and the Planning and Development Advisory Board and Servicing them, for assessing the needs and resources of the Territory, for laying down targets and determining inter-sectoral priorities, and for the necessary co-ordination ;

(iv) The Planning Department should undertake a systematic enquiry into the major programmes of all departments to evaluate their progress and worthwhileness, with the assistance of programme agencies concerned ;

(v) The Chief Secretary as the Secretary incharge of planning will need suitable assistance with some supporting staff headed by an under Secretary or a Senior Analyst. The Directorate of Economics and Statistics should be placed under the Chief Secretary ;

(vi) A small evaluation unit to attend to the evaluation of plan programmes should also be attached to the Chief Secretary ;

(vii) Until such time as the various departments (including the Planning Department) of the Union Territories, Administrations develop sufficient technical competence, proposals for including new Schemes in the plan should continue to require the approval of the administrative Ministries concerned and the Planning Commission.

**Recommendation No. 45 (307) :** There is a need for a general strengthening of the arrangements for administrative reforms in the Union Territories because this is the only means of bringing about efficiency in economy. A separate Administrative Reforms Unit should be created in each Territory.

In order to achieve this objective, the following steps may be taken :

(a) The Administrative Reforms Unit should be placed under the charge of the Chief Secretary ;

(b) To begin with, this unit should have two teams, each headed by a whole-time officer of the rank of Senior Analyst (corresponding roughly to an under Secretary), one for administrative reviews and inspections, organisational analysis and methods study and the other for assessing staff requirements of different departments and evolving work norms for different types of repetitive jobs ;

(c) Scrutiny of individual proposals for the addition of each and every posts need not be entrusted to the Administrative Reforms Unit unless the proposal involves creation of a sizeable number of posts and the Fin-

ance Department feels that a detailed organisation and method study is called for ;

(d) The staff of the Unit should be trained in work-study techniques ; their formal training should be organised in consultation with the Department of Administrative Reforms at the Centre.

(e) The department should organise the preparation of departmental manuals and hand books for the guidance of all concerned and design appropriate forms for the submission of different types of proposals ;

(f) The charter for the Unit should be on the lines suggested at Appendix IX.

(g) A Secretaries' Committee on Administration headed by the Chief Secretary should be set up for considering inter-alia policy issues having a bearing on administrative improvements and for guiding and directing the work of the Administrative Reforms Unit ;

(h) The Unit should maintain an active liaison with the Department of Administrative Reforms at the Centre in more important matters like the formulation of programmes of its studies, specially to begin with, and even in the conduct of the more important among them.

**Recommendation No. 46 (310—312) :** Prima facie there is scope for education in the number of districts in Himachal Pradesh. There is need for a special study by an Expert Committee in association with the Himachal Pradesh Administration in order to decide the optimum number of districts required for the Territory.

In order to compensate for the reduction in the number of districts, it may become necessary to create some new Sub-division.

With the separation of the Executive from the Judiciary, it may also become necessary to appoint some Sub-Divisional Magistrates, particularly in those places where the empowering of Tahsildars will not provide a substitute for Judicial Magistrates.

The creation of independent Sub-Divisions incharge of officers who exercise most of the powers of the Deputy Commissioner can also be considered. This will help in bringing the administration closer to the people.

**Recommendation No. 48 (314) :** Prima facie, there is a reasonable case for a larger numbers of districts in Manipur and Tripura. Their exact number and boundaries need a special study by an Expert Committee in consultation with the Territorial Administrations.

**Recommendation No. 48 (316) :** The Central Government should take adequate steps to encourage Territorial Administrations to introduce Panchayati Raj as soon as possible.

For some of the Territories at least, excellent models are available in the adjoining States such as Maharashtra Madras, Andhra Pradesh, etc. In Pondicherry if Local Sentiment wants continuance of the system of Commis-

soner it should not be difficult to modify the pattern of Parchayati Rai in such a fashion as allow for their continued existence.

**Recommendation No. 49 (331 & 335) :** Even if there are difficulties in the management of the Union Territories Cadre of the IAS, the problem will have to be reviewed from a wider angle.

The Central Government must devise a system of finding senior and experienced officers for all the Union Territories and the only practicable solution is a cadre embracing all the Union Territories. It cannot view the requirements of Himachal Pradesh in isolation. This Territory cannot, therefore be allowed to opt out of this cadre.

The Union Territories' Cadres of the IAS and IPS have only come into existence from the 1st January, 1968, and in all fairness, they should be given a trial. The success of the cadres, to a great extent, depends on the firmness with which the Union Home is able to resist political pressures from the Territories and also from officers who may wish to avoid postings to difficult areas.

**Recommendation No. 50 (336) :** In relation to the Indian Forest service and other all-Indian Services which are created in future the Union Home Ministry should be designated as cadre authority.

**Recommendation No. 51 (338) :** For the officers of the IFAS, who are not being taken into the IAS at present provision should be made for giving them a second chance after they have shown sufficient improvement during the next few years, such officers should be reassessed in consultation with the UPSC after a specified period. Those, who come up to the required standard, should then be taken into the IAS. A sufficient period, say five years, should be given to them to prove their worth.

**Recommendation No. 52 (338) :** The really hopeless cases should be weeded out of the IFAS and either retrenched or retired compulsorily under the relevant rules.

For the few that remain, normal opportunities of promotion may be given, subject to a suitable merit test. Such officers should be shared between several Union Territories and the Central Government instead of concentrating most of them in the NEFA Administration.

**Recommendation No. 53 (340) :** In order to mitigate the disadvantages of small Territorial cadres for the Civil and Police Services, efforts should be made at forming joint cadres with the neighbouring States.

**Recommendation No. 54 (341) :** For other services it may be possible to form common cadres on the lines of the DHANI cadres for two or more Territories; Manipur, Tripura and NEFA is one possibility.

Another alternative lies in forming joint cadres with

the neighbouring States.

**Recommendation No. 55 (243) :** The whole question of pay scales for employees of the Union Territories be referred to a small Exports' Group for detailed examination. It would be better to evolve a new pattern of pay scales based on the Central Pay Scales. For those posts for which there is no parallel in the Central Government new Scales may have to be evolved.

**Recommendation No. 56 (349) :** The question of incentives for staff posted to difficult areas such as NEFA, the hill areas of Manipur, Tripura, the Andaman and Nicobar Islands, etc., should be referred to a small Official Committee consisting of representatives of the Home and Finance Ministries and the Territories concerned. This Committee should examine the matter in its proper perspective and make comprehensive recommendations for payment of allowances and other concessions, either existing or additional, by way of compensation for the high cost of living and incentives for postings to difficult areas.

Once the Central Government issues orders, after consideration of the report of this Committee, they should continue in force for at least three years. If another review is undertaken thereafter, the existing orders should remain in force until the whole matter is re-examined and revised orders are issued.

**Recommendation No. 57 (350) :** While recruitment to class I Services and posts may remain with the UPSC recruitment to Class II (other than the Judicial, Civil and Police Services) and Class III Services and posts should be entrusted to services Selection Boards to be set up in the Union Territories.

**Recommendation No. 58 (351) :** In addition to recruitment, the Board should also be assigned the following tasks :

(i) It should organise qualifying or competitive tests for promotion within Class III Services or from Class III to Class II Services ; and

(ii) The Chairman of the Board should be made the ex-officio Chairman of all Departmental Promotion Committees for promotion to and within the class II and III Services.

**Recommendation No. 59 (352 & 353) :** Separate Services Selection Boards may be set-up in Himachal Pradesh and Delhi, Chandigarh may be linked to the Delhi Board. There may be another Board jointly for Manipur and Tripura.

A separate Board may be set up for Goa, Daman and Diu, Pondicherry and Dadra and Nagar-Haveli.

The Andaman and Nicobar Islands should be linked to the Delhi Board and the Laccadive, Minicoy and Amindivi Islands to the Goa—Pondicherry Board. The former Board should visit Calcutta or Port Blair when dealing with recruitment for the Andaman and Nicobar



Islands; similarly the latter Board may visit Kavaratti, Coochin or Calicut when dealing with the Laccadive, Minicoy and Amindivi Islands.

Recommendation No. 60 (354) : The Ad-hoc Recruitment Committee for NEFA may continue for the present but ultimately this territory may either be given a separate Board or it may be linked with the Board for Manipur and Tripura.

Recommendation No. 61 (355) : There should be a whole-time Chairmans and two part-time official members for each service selection Board.

Each Board may be given a small secretariat of appropriate size.

Recommendation No. 62 (356) : The Chairman of the Board should be remunerated in the scale of Rs. 1800-2000 per month. He may be either an official or non-official. His appointment should be made by the President for a term of 5 years.

Statutory provision may be made for the Board in the Government of Union Territories Act, 1963.

Recommendation No. 63 (359) : In case of Delhi, it may be provided in the Rules of Business that the Administrator will exercise his powers in relation to the services in consultation with the Chief Executive Councillor.

All Administrators should be given powers over class 1 services as are now available to the Administrator of Goa, Daman and Diu.

Recommendation No. 64 (361) : An Advisory Committee for Dadra and Nagar Haveli, to be associated with the Home Ministry, should be appointed.

Recommendation No. 65 (362) : Instead of appointing members of Advisory Committees by nomination only, it will be appropriate, at least at the Territorial level, to leave their selection to representative institutions.

Recommendation No. 66 (363) : An informal Consultative Committee, consisting of all Members of Parliament from the Union Territories, should be constituted.

It will be advantageous if the Administrators and Chief Ministers of the Union Territories with Legislatures and Administrators in other cases are also invited to participate in the discussions of this Committee.

### Chapter III—Financial Administration

Recommendation No. 67 (383) : The Union Territories should be entitled to quinquennial devolutions through a special Financial Commission. The same mechanism may be used for determining non-Plan loan assistance. The deemed share of each Territory in the divisible pool of taxes and duties may also be taken into account for the purpose of calculating grants-in-aid and loans. The devolutions made through this means will

be unconditional, except that the Central Government will have overall powers to issue directions to undertake or discontinue a particular activity. On the plan side the Central Government may continue to provide funds to finance the Plan expenditure which cannot be met from the revenue surplus, if any central assistance be decided on the basis of the approved outlay and expected resources in consultation with the Planning Commission. After these changes are effected, there will be no need for the Central Government to scrutinize the non-Plan budget except to ensure that no extra central commitment is involved; even in the case of the Plan budget the scrutiny need only be confined to "really new items". In order to prevent the Territories from running up large deficits, it will be necessary to prescribe a minimum cash balance, which will provide the absolute limit of their expenditure. In respect of the supplementary demands also, an identical procedure will be followed.

Recommendation No. 68 (385) : The Finance Departments in the Union Territories should be actively associated with the formulation of the Plan. They should finalise budget proposals only after the Annual Plan discussions at the Centre are over. A possible Bill in accordance with this principle is at Appendix X.

Recommendation No. 69 (386) : In view of the recommendations on quinquennial devolutions the Union Territories may be permitted to operate their contingency Funds in the normal course without any insistence on prior approval by the centre for each transaction.

Recommendation No. 70 (387—390) : As the aim of the recommendations on quinquennial devolutions is to make the Union Territories with Legislatures, more or less, autonomous in financial matters, they should be free to regulate the expenditure of their finances to the maximum extent possible. The Central Government need not, therefore, insist on retaining their financial powers except in those cases where the financial implications are very large or where for the lack of technical competence in the Union Territories the Central Government thinks it advisable to insist on cases coming up for sanction. This should be the principle governing financial delegation to the Union Territories. The responsibility for ensuring financial discipline and propriety of expenditure will lie with the Territorial Administrations; their actions will be subject to scrutiny by the concerned Legislature through its Public Accounts Committee and Estimates Committee. The existing delegation of financial powers should be reviewed in the light of this principle and wherever necessary, the centre should delegate its powers to the Union Territories.

In the case of other Union Territories, the present

delegations appear to be more or less adequate.

In respect of the specific proposals received for delegation of additional powers, the recommendations of the Study Team are at Appendix XI.

**Recommendation No. 71 (391):** 'Performance Budgeting' should be introduced in the Union Territories. Suitable Training Schemes should be devised for those who at different levels will be concerned with the introduction of this system.

**Recommendation No. 72 (394):** The principles laid down by the Fourth Finance Commission may be adopted by the Central Government in determining the quantum of financial assistance for the Union Territories with Legislatures.

**Recommendation No. 73 (398):** It is estimated that the total liability on account of committed maintenance expenditure in the Union Territories during the Fourth Plan Period will be of the order of Rs. 65.60 crores. The Territory-wise break-up is Appendix XII.

**Recommendation No. 74 (401-403):** Due to various difficulties, an estimate of revenue receipts during the Fourth Plan Period has only been made for the Union Territory of Delhi. It is estimated that against estimated receipts of Rs. 7186.37 Lakhs in 1973-74. The actual measures required to raise additional resources are dealt with in paragraphs Nos. 502, 503, 504, 505, 507, 508, 509, 510 and 512 of main Report.

#### Chapter IV—Additional Resources

**Recommendation No. 75 (405):** The Union Territories should set themselves the goal of achieving the rates of taxes and duties prevailing in the neighbouring States. While this should be the ultimate goal, due consideration will have to be given to the special circumstances of each Territory. Keeping this important qualification in mind, on the basis of resource potential the Union Territories may be categorized in the manner shown in para 405 of the main Report.

**Recommendation No. 76 (408):** In the Laccadive, Minicoy and Amindivi Islands, the only resource which may yield some revenue in future is fisheries, particularly Tuna. This may entail the formation of a Fisheries Corporation for commercial exploitation of fisheries.

**Recommendation No. 77 (411):** The Dadra and Nagar-Haveli Administration now proposes to promulgate a comprehensive Excise duty Regulation, which will provide both for a levy of duty on the sale of liquor and a licence fee. As a result of this step, the Administration estimates that excise revenue may go up to Rs. 8.80 lakhs per year.

Some additional revenue may also accrue on account of assessment of land revenue which is now in progress. As the rates have not yet been decided, it is difficult to

make an assessment of the additional yields on this account.

**Recommendation No. 78 (414):** Considering the general backwardness of NEFA and the difficult conditions in which the people live, for the present, there is not much scope for raising additional resources. The entire Territory is, however, covered with forest wealth (total area under forest is estimated at 17,940 sq. kms) and this is a potential source of revenue. With road development proceeding apace, it should be possible to simultaneously open up the virgin areas for exploitation of forests.

**Recommendation No. 79 (416):** In Andaman and Nicobar Island, approximately 77.8 per cent of the land area is covered with forests. The Administration has submitted proposals to the Government of India for the extraction of timber from the little Andaman and it expects to obtain a royalty of Rs. 9.45 crores during a period of 30 years. Forests are the chief natural resource of the Territory and in their exploitation lies the key to its development.

**Recommendation No. 80 (422):** In Tripura, the rates of Motor Vehicles Tax are low in comparison both to West Bengal and Manipur. The rates should, therefore, be increased.

**Recommendation No. 81 (423):** As passenger and Goods Tax is now levied in most other States, it may also be introduced in Tripura.

**Recommendation No. 82 (424):** The rates of Entertainment Tax are low in Tripura and these should be suitably increased in addition, show Tax should also be introduced.

**Recommendation No. 83 (425):** There is scope for introducing Sales Tax on motor spirit in Tripura. In order to minimise the burden of this tax, the rate should be kept suitably low.

**Recommendation No. 84 (426):** There is considerable scope for an upward revision of Excise Duty in Tripura.

**Recommendation No. 85 (427):** There is no Sales Tax in Tripura. This tax should now be introduced on selected commodities.

**Recommendation No. 86 (432):** The rates of Motor Vehicles Tax are the same both in Assam and Manipur. There does not, therefore, appear to be any possibility of an increase in the Union Territory.

**Recommendation No. 87 (434):** Considering that passenger and Goods Tax is levied in the neighbouring State of Assam and many other States in the country, it may also be introduced in Manipur. The Manipur Administration has estimated an yield of Rs. 5.65 lakhs per annum.

**Recommendation No. 88 (435):** Show Tax should be brought in line with the rates prevailing in Assam.

The Manipur Administration is considering an amendment of the rates. This step is likely to yield Rs. 18,000 per annum.

Recommendation No. 89 (436): The Manipur Administration is considering an increase in the rates of Sales Tax on motor spirit so as to achieve parity with Assam. We endorse this step. The estimated yield of this step is Rs. 65,000 per annum.

Recommendation No. 91 (439—440): The Manipur Administration proposes to increase the rates of Sales Tax on "ordinary goods" from 3 paise to 5 paise and on "declared goods" from nil to 3 paise so as to achieve parity with Assam. These two measures are likely to yield Rs. 3.75 lakhs per annum. In addition to these measures, the Manipur Administration should also consider the desirability in imposing Sales Tax on items which are at present exempted. They may ensure that the tax rates are kept suitably low because of:

- (a) High cost of transportation; and
- (b) The general backwardness of the area and the inability of the people to bear a high incidence of tax.

Recommendation No. 92 (446): Motor Vehicles Tax should be introduced in Pondicherry with rates, more or less, identical with Madras.

Recommendation No. 93 (447): Passenger and Goods Tax may be introduced in Pondicherry.

Recommendation No. 94 (448): Both Entertainment Tax and Show Tax should be introduced in Pondicherry.

Recommendation No. 95 (449): As there is considerable differences in the rates of Sales Tax on motor spirit between Pondicherry and Madras, there should be no difficulty in increasing the rate in Pondicherry from 6 per cent to 7 per cent.

Recommendation No. 96 (450): The rates of Excise duty in Pondicherry are adequate and there does not appear much scope for an increase at present.

Recommendation No. 97 (452): With a judicious increase in rates of Sales Tax in Pondicherry. Considerable additional revenue can accrue to the Territory. It may, however, be necessary to retain a suitable differential in rates with Madras in order to prevent diversion of trade.

Recommendation No. 98 (453): The Pondicherry Administration is thinking of introducing taxes on motor vehicles, passenger and goods and on entertainment. In addition, it is contemplating levy of Excise Duty on denatured spirit, levy of Electricity Duty and Extension of the Indian Stamp Act, 1899, and the Indian Registration Act, 1908, to the Territory. The cumulative effect of these measures will be to collect an additional revenue of Rs. 53.10 lakhs per annum. We endorse these stamps.

Recommendation No. 99 (459): There is considerable difference in the rates of Motor Vehicles Tax in

Goa and neighbouring States. These rates may, therefore, be increased so as to reach the rates prevailing at least, in Maharashtra.

Recommendation No. 100 (460): There is scope for introducing passenger and Goods Tax in Goa. In the first instance, the Mysore rates can be adopted.

Recommendation No. 101 (462): Considering the low rates of Entertainment Tax in Goa, there should be no difficulty in effecting an increase, at least, upto the rates prevailing in Mysore State.

Recommendation No. 102 (463): The rates of Sales Tax on motor spirit are considerably lower in Goa in comparison to Maharashtra and Mysore. In the first instance, therefore, an effort should be made to reach parity with Mysore at least.

Recommendation No. 103 (464): The rates of Excise duty in Goa are low and there is a scope for increase.

Recommendation No. 104 (468): It should not be difficult to achieve the rates of Sales Tax levied in Maharashtra, although this may have to be properly phased out. The Goa Administration is already thinking on these lines.

Recommendation No. 105 (475): The rates of Motor Vehicles Tax in Himachal Pradesh are considerably lower than Punjab and Delhi. They should, therefore, be suitably increased.

Recommendation No. 106 (477): Instead of lowering the rate of Passenger and Goods Tax, it should be levied uniformly at the Punjab rates throughout Himachal Pradesh.

Recommendation No. 107 (478): Show Tax is being uniformly extended throughout Himachal Pradesh. We endorse this step. This measure is expected to yield an income of Rs. 25,000 per annum.

Recommendation No. 108 (481): Although it may not be immediately possible to achieve the rates of Excise duty prevailing in the Punjab, every effort must be made to start the excellent source of revenue.

Recommendation No. 109 (482): There is no justification for lowering the rates of Sales Tax on motor spirit in Himachal Pradesh. In fact, the Punjab rates must be introduced throughout the Territory.

Recommendation No. 110 (484): Even it is considered that Himachal Pradesh has to import most of the commodities consumed within the Territory, and as a consequence has to pay Central Tax, this is no justification for failure to extend General Sales Tax throughout the Territory. A comprehensive General Sales Tax should be imposed in the Territory and the rates of tax should, as far as possible, be comparable with the rates prevailing in the Punjab.

Recommendation No. 111 (485): The demand for abolition of Profession Tax in the merged areas of Himachal Pradesh must be resisted, it should be exten-

ded throughout the Territory.

**Recommendation No 112 (486) :** On a date to be notified by the Himachal Pradesh Administration, Urban Immovable Property Tax is to be extended to old Himachal Pradesh. It is estimated that an additional amount of Rs. 2 lakhs per annum will accrue to the Administration on account of this step.

**Recommendation No 113 (491—492) :** The Himachal Pradesh Administration must levy a suitable tax on orchard crops grown in the Territory. A tax in the nature of Agricultural Income Tax or Sales Tax can be considered.

**Recommendation No. 114 (496) :** It may not be possible to increase rates of taxes in Chandigarh so long as there is no corresponding increase in the Punjab and also in Haryana. With the development of the town, however, income from Sale of plots should go up considerably.

**Recommendation No. 115 (501) :** In Delhi, the Administration has, for sometime, been systematically studying available sources of revenue so as to achieve maximum resource mobilisation. It is estimated that the cumulative effect of all the proposals under consideration will be an increase in revenue of Rs. 238.26 lakhs per annum. This is the minimum that the Delhi Administration must do towards resource mobilisation.

The proposals have been discussed in paragraphs 502, 503, 504, 505, 507, 508, 509, 510, 511 and 512 of the main Reports.

#### Chapter V—Economy

**Recommendation No. 116 (525—526) :** As a first stage, to the Himachal Pradesh Secretariate and other headquarter organisations, which have been inspected by the SIU, all vacant posts must be frozen. Thereafter, all posts that have been declared surplus by the SIU must be abolished. The persons working against such posts may then be placed in a pool of surplus officials. Once this is done, a phased programme of retrenchment may be initiated. This programme will embrace the entire Administration. All persons holding ad-hoc and short-term appointments and those employed on time bound schemes should be retrenched. Liberal use may be made of the relevant rules to compulsorily retire incompetent, inefficient and corrupt officials. At the same time, retrenchment benefits may be given to those who are willing to leave Government service voluntarily. In the Vacancies that are thus created appointments may be made from the Surplus Pool. It will also be necessary to place a moratorium on all fresh recruitment throughout the Administration.

If a comprehensive programme is drawn up on these times there should not be much difficulty in ridding the Administration of staff equivalent to that which has been

declared surplus by the SIU. All that is needed is a firm will to implement this programme.

**Recommendation No. 117 (540) :** Special efforts are needed to conduct work studies in all the Union Territories at all level from the Secretariate down to the district. For this purpose, we suggest that a special unit similar to the SIU should be created and located in the Home Ministry. The aim of the Special Unit will be to review the staffing of establishments in the territorial administrations with a view to secure economies consistent with administrative efficiency.

**Recommendation No. 118 (541) :** As the Special Unit will cater to the needs of 10 Union Territories and NEFA, it should have two teams, consisting of :

|                                    |     |
|------------------------------------|-----|
| Senior Analyst                     | One |
| Junior Analyst                     | One |
| Technical Assistants/Investigators | Two |

The Special Unit should be located in the Finance Cell and placed under the direct charge of the Director of Finance and Coordination (new post).

**Recommendation No. 119 (542) :** Once the Special Unit becomes functional, it must undertake a systematic programme of work studies for all the Union Territories. The Union should work in close collaboration with the Administrative Reforms Units in the territories.

**Recommendation No. 120 (543) :** The Special Finance Commission will make special allowance for scope for economy in expenditure is determining the quantum of financial assistance to be given to the Union Territories. Until this body is set up. The Central Government should also make a similar allowance in its determination of annual financial assistance, particularly when it is faced, with a situation in which a specialized organisation like the SIU has made specific recommendations for staff economics.

#### Part IV—Individual Union Territories

##### Chapter I—The Union Territory Of Himachal Pradesh

The proposals considered in this chapter are based on the Report of the Special Study conducted by the Department of Administrative Reforms into selected aspects of the Himachal Pradesh Administration. Some proposals made in this Report have been adopted for general application to all Union Territories; accordingly they have been dealt within the relevant chapters. The remaining proposals, which mainly concern Himachal Pradesh are considered in this chapter.

In this summary also, only those proposals which have not been adopted generally to all the Union Territories and concern Himachal Pradesh alone are mentioned.

**Recommendation No. 121 (555 & 556) :** Three new

departments may be created in the Himachal Pradesh Secretariat, viz., the Administrative Reforms Department, Services Department and Planning Department. Simultaneously, the Cabinet and Confidential Department of Panchayats and Department of Welfare may be abolished. The work transacted in the departments recommended for abolition may be allocated in accordance with the recommendations made in paragraph 555 of the main Reports.

Recommendation No. 122 (558 & 559): A Chief Secretary and four Secretaries (one of whom will function as Development Commissioner), the first equivalent to a Joint Secretary and the others equivalent to Deputy Secretaries in the Central Government, will suffice for this Administration. In addition the Chief Engineer, Multi-purpose Projects and Powers may function as ex-officio Secretary. The departments may be grouped into Secretaries incharge in accordance with the recommendations made in paragraph 558 of the main Report.

The post of Financial Commissioners may be abolished and, in its place, the post of Revenue Commissioner may be received.

"Planning" should be placed in a Prestigious position under the Chief Secretary as he is in the best position to coordinate the efforts of all departments. There is no objection in entrusting the Law Secretary with substantive work of other departments; he must be the Status of a District and Sessions Judge and he should receive a special pay equivalent to other secretaries in the Administration, viz., Rs. 300 per month.

The Department of Community Development, Panchayats and Welfare should be headed by the Deputy Development Commissioner to be redesignated as Director, Community Development, Panchayats and Welfare.

The functions of Transport Commissioner should be entrusted to the concerned Secretary (Chief Secretary). A separate Director of Tourism is essential because of the immense potential of tourism in the Territory.

Recommendation No. 123 (560): As a result of the proposals made in Recommendation Nos. 121 and 122, there will now be 22 Secretariate Departments grouped into Six Secretaries, charges, five held by regular Secretaries, including the Chief Secretary and one by an executive head functioning as Ex-officio Secretary.

Recommendation No. 124 (561): Although, in principle, there is nothing objectionable in the proposals made in the report of the Special Study regarding the allocation of work to Ministries, this question is basically political in character. Hence, there is no advantage of going into this question.

Recommendation No. 126 (563 & 564): There is need

for institutional support of the Chief Minister in the shape of a Secretary of adequate rank calibre and experience. He should be an IAS Officer in the senior time-scale of pay.

In some other Union Territories with legislatures, it may also become necessary to give similar institutional support to their Chief Ministers.

Recommendation No. 127 (568): The financial set-up and procedures of Himachal Pradesh should be organised as under:

(i) The Finance Secretary should always be a senior officer of the requisite aptitude, training and background. There should be no hesitation on:

(a) Obtaining the services of a suitable officer from outside the Union Territories' cadre; or (b) in entertaining the post temporarily on the super-time scale of pay if a suitable officer on senior time-scale is not available;

(ii) The Finance Secretary should be assisted by a Joint Secretary and two Under Secretaries. The Joint Secretary should be authorised by an internal arrangement to dispose of the bulk of minor cases leaving the Finance Secretary more time for policy work. These officers should be picked for their suitability and given appropriate training;

(iii) The work of the Finance Department should be re-distributed among the following branches:

(a) I Branch—For Examining expenditure as well as budget proposals pertaining to individual departments and the giving of financial advice;

(b) II Branch—For the consolidation of the budget, ways and means to control and other over-all problems related to budget and accounts;

(c) III Branch—General financial matters like the revision of pay scales, delegation of financial powers, coordination of financial policy; and

(d) IV Branch—All work regarding accounts of local bodies.

(iv) The system of pre-budget scrutiny should gradually be introduced so that once a scheme has been approved for inclusion in the budget, implementation should not require fresh sanction of the Finance Department.

(v) Accounts and the Finance side in the departments should be suitably strengthened. The feasibility of constituting of Finance and Accounts Service, encadrant the Accounts Officer of different levels in the various departments and the Treasury Officers may be considered. The Finance Department should be the cadre authority of the proposed service but administrative control over the officers should vest in the heads of the departments under whom they serve. The Finance Department should organise the training of these officers.

(vi) An Expenditure Finance Committee consisting of the Finance Secretary, Joint Secretary (Finance) and Joint Secretary (Planning) should be set up to scrutinise and approve the following categories of proposals ;

(a) All proposals involving expenditure on a new service ;

(b) All proposals for the expansion of existing services involving and expenditure exceeding certain specified limits, say, Rs. 5 lakhs (non-recurring) and Rs. 1 lakh (recurring) ; and

(c) All proposals for supplementary grants. The administrative Secretaries and the heads of departments should appear in person to explain their proposals to this Committee.

**Recommendation No. 128 (574) :** In the context of the proposals for "working statehood", it would be more appropriate to leave the question of delegation of powers to the field of personnel administration, to the Central Government and the Territorial Administrations. Hence, no specific recommendations are made on this point.

**Recommendation No. 129 (576) :** While there is little doubt that in view of the constitutional position of the services and the position of the Administrator as the delegate of the Central Government, the Administrator has a positive role vis-a-vis the services. However, in the context of the recommendations on 'Working Statehood', this problem will have to be approached in a different manner. Within the limitations imposed by the constitution, the Administrator must exercise his functions vis-a-vis the services in consultation with the Chief Minister. Except for this Qualification, there is no objection if the Administrator's role in the following crucial matters is strengthened :

(a) Selection of personnel for key posts ;

(b) Important aspects of management of All-India Services ;

(c) Posting of Secretaries, Heads of Departments, Deputy Commissioners, and Superintendents of Police ;

(d) Cases of discipline concerning class I officers, appeals, petitions and memorials ; and

(e) Review and revision of orders passed by subordinate authorities.

**Recommendation No. 130 (578) :** The principles underlying the recommendations of Intra-Departmental Structures in the Report of the special study are accepted. It would, however, be better if these recommendations are first tried on an experimental basis in one or two departments in Himachal Pradesh Administration. It will also be useful if a similar experiment is conducted in Delhi Administration

where it can be watched at first hand by the Central Government.

**Recommendation No. 131 (579) :** On the pattern of the organisational changes suggested for the administrative departments the Report of the Special Study has also made similar recommendations for the offices of the heads of departments. In this case also, the recommended organisational changes should be tried on an experimental basis, it would be appropriate if these changes are introduced simultaneously in the chosen secretariat departments and their attached filled agencies. The main recommendations relating to the offices of the executive heads of departments are as under :

(i) Major executive heads may need the assistance of qualified and experienced staff officers for handling work relating to planning personnel administration and financial management. Medium and minor heads of departments may also need to be given some assistance although not on the same scale ;

(ii) Within the headquarters office, the head of department should encourage the officers under him to dispose of relatively unimportant cases themselves on his behalf ;

(iii) Both the executive head and his two staff officers at the headquarters will be free to consult the staff Aids of the Secretary even in matters falling within the delegated Sector. Such consultations should, as far as possible, be oral ;

(iv) In matters beyond the powers delegated to the executive heads, proposals should be formulated by the headquarters office on its own file and referred to the staff officer (Finance and Personnel) to the Secretary. Cases involving difference of opinion between the executive heads and the secretary's staff officers should be decided at the secretary's level ;

(v) Proposals from executive heads of departments should normally come on their own files and be dealt with under a "Single File System". No noting should ordinarily be done on such cases below the level of the secretary's staff officers ;

(vi) The Staff Aids of the secretary should maintain close liaison with departments like Planning, Finance and Services and officers of these departments should be able to inspect their work and acquaint their secretaries with their assessment ;

(vii) Staff Aides of Secretaries should keep on over-seeing eye on the healthy functioning of the offices of executive heads in their respective spheres, and for that purpose visit the corresponding branches in the headquarters and conduct test-checks ; and

(viii) Secretary's office and the headquarters organisation of the executive heads concerned should be housed compactly in one building or in adjacent buildings.

**Recommendation No. 132 (580) :** With the provision of whole-time Administrative Secretaries covering all departments of Government, Organisational arrangements will be available for ensuring sound and objective decisions at the official level. The Minister will then be able to authorise his secretary, to dispose of on his behalf, most of the cases who now go to him for decision. The Minister can then concentrate on important questions of policy and major operational programmes. This will entail a whole-sale revision of the standing orders issued under the Rules of Business specifying the classes of cases to be submitted to Ministers before issue of orders.

**Recommendation No. 133 (584) :** In the context of the recommendations on "Working Statehood" in part III, the role of the Administrator is different from that set out in the Report of the Special Study. In fact, the role envisaged for the Administrator is one of reduced importance, while a more dynamic role has been allotted to the elected Government of the Territory.

**Recommendation No. 134 (585) :** In view of their Ultimate responsibility for the good governance and progress of the Union Territories, the Central Government must involve themselves closely in all matters of strategic importance. In operational matters, however, the Centre need only to retain control in most crucial matters. Based on this principle, the precise role envisaged for the Central Government and the modifications and amendments that will be required in the Statutes and rules to achieve this objective have been spelt out in Chapter I of part III.

#### Chapter II—The Union Territory Of Delhi

**Recommendation No. 135 (603—614) :** The present Lt. Governor of Delhi has made detailed proposals for a change in the present administrative set-up of this Territory. These proposals have been described in paragraphs 603—613 of the main Report. (also see Appendix XIV).

The proposals for a change in the administrative set-up of the Territory are unlikely to be an improvement over the present arrangements. They are greatly dependent on the institution of Ex-officio Secretaries, which is not considered suitable for this Territory. Where the Executive Council has assumed office only about two years ago. There is also no particular advantage in the creation of posts of Commissioner. Home is at present being performed by the Chief Secretary, there is no advantage in giving the same work to another officer with a different designation and lower in status to the Chief-Secretary. Similarly, the functions and responsibilities of the proposed Financial Commissioner are essentially those of the present Finance

Secretary. The Deputy administrator in many respects, also resembles the Chief Secretary.

**Recommendation No. 136 (615) :** A chief Secretary and three Secretaries (one of whom will also function as Development Commissioner ex-officio) the first equivalent to a Joint Secretary and others equivalent to Deputy Secretaries in the Central Government will be sufficient for this Territory. In addition, three important Heads of Departments may function as ex-officio Secretaries; they can be equated to Deputy Secretaries in the Central Government.

The Departments may be grouped into Secretariat charges in accordance with the recommendations made in paragraph 615 of the main Report.

**Recommendation No. 137 (616) :** Except for the heads of Departments who have been given ex-officio status of Secretaries, all other heads of departments will be of lower status. If they are officers of the IAS they may receive a special pay of Rs. 200 per month. This will mean that the Director of Vigilance, the Chief Controller of Rationing, and the Director of Employment Training and Technical Education will have to be down-graded to this level. This will also mean the downgrading of the post of Housing Commissioner; this post is, at present, in the grade of Rs. 1800-2000.

**Recommendation No. 138 (619—620) :** The present arrangement of three Additional District Magistrates, each in a territorial charge of a part of the Territory, may be allowed to continue. It is, however, essential that instead of locating the Additional District Magistrates centrally in the office of the Deputy Commissioner, they should each be located territorially in their respective jurisdictions. This will result in better supervision, particularly in the field of law and order and make it easier for the public to approach them.

Other departments in the Administration, particularly those with public dealings, should also locate their representatives in the territorial divisions. Such departments representatives should work under the direct control and supervision of the concerned Additional District Magistrate. This step will result in an arrangement similar to the district set-up in most States. Both supervision and co-ordination will improve and the administration will become accessible to the public.

**Recommendation No. 139 (621) :** The rural areas of the Territory may be withdrawn from the jurisdiction of the Corporation and placed under Panchayati Raj institutions.

#### Chapter III—The Union Territory of Goa Daman, and Diu

**Recommendation No. 140 (639) :** A Chief Secretary of the status of a Joint Secretary and three Secretaries of the status of Deputy Secretaries in Central Govern-



ment are recommended for this Territory. With this strength departments should be grouped into Secretaries charges in accordance with the recommendations made in paragraph 640 of the main Report.

#### **Chapter IV—The Union Territory of Pondicherry**

**Recommendation No. 141 (669) :** A Chief Secretary of the status of a Director and two Secretaries, each equivalent to Deputy Secretaries in the centre, are recommended for this Territory.

With this strength, departments, should be re-grouped into Secretaries, charges in accordance with the recommendations made in paragraph 669 of the main Report.

#### **Chapter V—The Union Territory of Tripura**

**Recommendation No. 142 (682) :** A Chief Secretary of the status of a Joint Secretary and three Secretaries of the status of Deputy Secretaries in the Central Government are recommended for this Territory. The recommended grouping of departments into the Secretaries charges should follow the pattern recommended for the Union Territory of Goa, Daman and Diu (paragraph 669).

**Recommendation No. 143 (683) :** There is need for the creation of one or more additional districts after a Special Study is undertaken in association with the Territorial Administration. (See Recommendation No. 47).

**Recommendation No. 144 (685) :** There are four levels in the District Administrative set-up. It should be possible to do away with either the Zonal Sub-divisional Officers or Additional Sub-divisional Officers. Even the number of tehsils appears to be excessive. The task of reorganisation of Tehsil and Sub-divisional levels may also be entrusted to the team, which undertakes the Special Study in relation to the needs for additional districts in this Territory.

**Recommendation No. 145 (693) :** Now that a definite plan for remedial action has been drawn up in relation to the tribal problems of this territory, it will be necessary for the Home Ministry to ensure that it is implemented expeditiously. It would be helpful if a small "Watch-dog Committee" is set up in this Ministry to watch progress and co-ordinate efforts of the various executing agencies.

As local conditions in Tripura are in many respects similar to Manipur (and in certain respects to NEFA), it may be advisable to introduce the "Single-Line" System of administration, at least, in the pre-dominantly tribal areas.

**Recommendation No. 146 (694) :** Keeping in view the secretary and development needs of this Territory, it appears essential to construct an all weather road along the international border with Pakistan. In order

to ensure expeditious construction the work may have to be entrusted to the Border Roads Organisation.

#### **Chapter VI—The Union Territory of Manipur**

**Recommendation No. 147 (708) :** A Chief Secretary of status of a Joint Secretary and three Secretaries equivalent to Deputy Secretaries in the Central Government are recommended for this Territory.

The grouping of department into Secretaries, charges should follow the pattern recommended for the Union Territory of Goa, Daman and Diu (See paragraph 669).

**Recommendation No. 148 (709) :** There is need for the creation of one or more additional districts after a Special Study is undertaken in association with the Territorial Administration, (See Recommendation No. 47).

**Recommendation No. 149 (712) :** It is essential that construction work on the Imphal Silchar road be expedited. If necessary, this work may be entrusted to the Border Roads Organisation.

Immediate steps should also be taken for the formulation of a Five Year Plan of road construction within the Territory on the line, recommendation for NEFA (See recommendation No. 158). If it is ultimately decided to divide the Territory into more than one district, priority should be given to connecting the district headquarters with Imphal.

#### **Chapter VII—The North East Frontier Agency**

**Recommendation No. 150 (736—737) :** In addition to the Adviser, three Secretaries and one Judicial Officer are more than adequate for the needs of the NEFA Administration.

There is adequate justification for an officer, who can be deputised for the Adviser in his absence and also function as Development Commissioner. Accordingly one Secretary out of the three recommended, may function as Deputy Adviser-cum Development Adviser. As he will have to exercise some supervisory powers over other Secretaries and Deputy Commissioners in one or the other of his capacities, his status should be higher than these officers. It will suffice if he is made equivalent to a Director in the Central Government.

**Recommendation No. 151 (738) :** With the strength recommended, the departments should be grouped into Secretaries charges in accordance with the recommendation made in paragraph 738 of the main Report.

**Recommendation No. 152 (741) :** The designation of the Judicial Officer should be changed to Judicial Secretary or Low Secretary as is the case in other Union Territories. He should be remunerated in the same scale as other Secretaries i.e. Rs. 900—1800 plus a special pay of Rs. 300 per month.

**Recommendation No. 153 (742) :** In view of the

ambitious programme in the industries, sector recommended in the Techno-Economic Survey of NEFA, it may become necessary to have a separate Secretary for Industries. It is suggested that the post of Chief Industries Officer should be up-graded and redesignated as Director of Industries. He can then function as Secretary, Industries Ex-Officio.

Recommendation No. 154 (743) : There does not appear to be any need to up-grade the post of Adviser to the Governor to the level of Additional Secretary in the Centre.

Recommendation No. 156 (746) : There is need for an Addl. Chief Engineer in NEFA. This need can be met by up-grading one post of Superintending Engineer. Question of new post does not arise.

Recommendation No. 157 (750) : There is a persistent demand for early shifting of the Administrative headquarters of NEFA to a suitable location within the Agency. The justification of this demand needs no elaboration, while there is no objection in consulting the Agency Council, when formed, about the location of the headquarters. Care will have to be taken to ensure that the matter does not get bogged down in rival claims by representatives of various districts.

Recommendation No. 153 (753) : Considering the imperative need for roads in NEFA, it would be advisable to formulate a separate, Five Year Road Building Plan. Once the plan is approved, it must be ensured that adequate finances are provided for its implementation in the stipulated period of time.

The poor road communications of NEFA will have to be supplemented by air services. As a first step, a civil air service linking all the district headquarters with Guahati may be started. Certain private parties may be interested in this venture. If not, the Indian Airlines may be approached in the matter.

Recommendation No. 159 (758-759) : The transfer of some areas in the plains to Assam in 1951 is still resented by the local people. As the matter has aroused strong feelings, it appears essential to arrive at an early solution, otherwise attitudes may harden and make it difficult to find an acceptable solution later on. As shortage of good arable lands in NEFA is really the main reason behind this boundary dispute, two alternative solutions are possible, viz. : (a) suitable land may be provided by the Assam Government in the areas bordering NEFA which can be allotted to the NEFA tribals for cultivation; and (b) new land can be located and developed for cultivation within NEFA itself so as to meet the prevailing land hunger.

An early solution will have to be found, otherwise, this problem may assume the form of an agitation. At the same time, effective steps will be necessary to educate the people to support the final decision taken

by the Administration.

Recommendation No. 160 (760-761) : For the present there does not appear to be any need for a change in the restrictions imposed on the entry of outsiders into NEFA through the imposition of the "Inner Line". There is, however, need for an Organised Settlement Programme in those areas where there is paucity of population.

#### Chapter VIII—The Union Territory Of Andaman & Nicobar Islands

Recommendation No. 161 (781-782) : There is no need for any changes in the Secretariat set-up of this Territory except that the status of the Chief Secretary and Finance Secretary should be raised to that of a Deputy Secretary and an Under Secretary in the Central Government respectively.

As there have been certain complications due to designation of Secretaries, as Secretaries to the Chief Commissioner, they should be redesignated as Secretaries to the Administration.

Recommendation No. 162 (786) : As a reliable shipping link with the mainland is essential for the development of this territory, it is necessary to prepare a perspective plan for this purpose. Steps can then be taken in advance for acquisition of an adequate number of ships, otherwise the economic development of the Territory is likely to hamper.

Recommendation No. 163 (787) : Steps may be taken for the provision of a more adequate air-link than the present Weekly Calcutta-Port Blair Service. It will be in the larger interests of this Territory, if this service is declared as of "National interest", which will obviate the need for payment of subsidy.

Recommendation No. 164 (805) : Considering that the development of this Territory is dependent on the Accelerated Development Programme, it appears necessary to insist on a more vigorous implementation of the schemes that have already been sanctioned and early processing of those which are still under consideration.

It is suggested that an Inter-Ministerial Committee should be formed for this purpose. Representatives from the Ministries of Home Affairs, Finance, Defence, Rehabilitation, etc., may find place on this Committee. The Secretary incharge of Union Territories may preside. It will be the task of this Committee to keep a close watch on the progress made in the implementation of the Accelerated Development Programme.

#### Chapter IX—The Union Territory of Laccadive, Minicoy & Amindivi Islands

Recommendation No. 165 (826) : There is no need for any change in the pattern of the Secretariat and

other administrative organs of this Territory.

**Recommendation No. 166 (827) :** The lack of dependable link with the main land is a major problem for these Islands. The provision of an all-weather shipping service to the main land is an urgent necessity. Simultaneously, action will also be needed to improve harbour facilities in the main Islands.

#### **Chapter X—The Union Territory Of Dadar & Nagar-Haveli**

**Recommendation No. 167 (844) :** The present administrative set up in the Territory is functioning well and it is alive to the needs of reorganisation and economy. There will, therefore, be no advantage in making unnecessary changes.

**Recommendation No. 168 (847) :** The step now being taken by the Administration to solve the current problem of indebtedness of tenants is a step in the right direction. It would, however, be useful if the whole question of Landlord-tenant relations is reviewed in the light of the latest thinking on this subject. The Land Reforms and Tenancy Acts of Maharashtra and Gujarat can serve as models.

**Recommendation No. 169 (850) :** While the Industrial Development of this Territory is commendable, there are some spheres where there is scope for further action. It may be advantageous to carry out an early survey of the mineral resources of the Territory. The proposal for setting-up a Paper Mill which was mooted about three years back should be expedited. No progress appears to have been made in establishing industries like Catechu Extraction, Straw-board, Mangalore Tiles etc., which have been recommended in the report of the Central Small Industries, Organisation which conducted a survey of the industrial potential of this Territory.

#### **Chapter XI—The Union Territory Of Chandigarh**

**Recommendation No. 170 (866) :** The present administrative set-up in this Territory appears to be adequate for its needs. No changes are, thereafter, called for ;

### **Part V : The Future of Union Territories**

#### **Chapter I—Statehood**

**Recommendation No. 171 (884-895) :** The two factors of importance which have been taken into account by the Centre in examining demands for Statehood are : (i) Financial viability; and (ii) National Security. On the basis of "per capita deficit" it is seen that none of the Union Territories is financially viable. The position will become worse in future because the Union Territories have started borrowing from the Central Government only from 1963, and debt charges are insignificant at present. Once the full impact of

debt charges it felt, the revenue deficit will show a marked increase.

While the Union Territories, particularly those which aspire most for Statehood, cannot show a reasonable degree of financial viability, National Security must also be taken into consideration. Himachal Pradesh, Manipur & Tripura have common borders with foreign countries and in recognition of this fact, border security has been made the special responsibility of the Administrators of these Territories. In considering demands for Statehood, therefore, National Security is hardly less important than financial inability.

**Recommendation No. 172 (902) :** While there is no evasion to the grant of Statehood to Himachal Pradesh or any other territory, the need for viable and strong administrative units in the sensitive border areas cannot be ignored. While on the one hand, the people have legitimate political aspirations for full autonomy at the State level, on the other, the Central Government is to indicate in precise terms what they expected of the Territories aspiring for Statehood before they can consider their demands. Obviously financial viability will be the most important criterion in considering such demands. The state of economic development of the Territory, National Security, population and area can be other such criteria while population and area cannot in themselves be the sole criteria for grant of Statehood, they are of importance when considered in the context of the viability of the Territory as a whole. As financial viability is the most important factor, the Central Government must indicate in precise terms what they consider a reasonable level of viability for a particular Territory. Obviously, the level of viability indicated must be both reasonable and attainable within a reasonable period. Thereafter, it will be for the Administration of the Territory, which aspires for Statehood, to strive for the fulfilment of the conditions laid down. In fact, the Territory will then be on test. A clear enunciation of policy in this manner will help in curbing irresponsible demands of the nature that are being put-forth today.

#### **Chapter II—The Problems Of Member**

**Recommendation No. 173 (914, 920 923 and 924) :** Even though the Central Government initially wanted to merge most of the Union Territories in the neighbouring States but subsequent developments have made this difficult. In Himachal Pradesh there is a strong demand for Statehood and the question of its merger now does not arise. The position is, more or less, similar in Manipur and Tripura. In Goa, Daman and Diu, Dadra and Nagar Haveli and Chandigarh, although the neighbouring States seek the merger of these Territories on the basis

of language affinities. Implementation is proving to be difficult because of political rivalries. In the case of Delhi and the two Island Territories the question of merger does not arise.

Because of the peculiar dis-contiguous character of its four units, which are situated hundreds of miles apart, the administration of Pondicherry from a Central point causes an unnecessary strain on its Administration and excessive expenditure on overheads. In this context, in the first instance, Mahe and Yanam could be merged in Kerala and Andhra Pradesh respectively. Thereafter, the remaining units of Pondicherry and Karaikal could be merged with Madras.

While the merger of Dadra and Nagar-Haveli into the neighbouring States is uncertain, there may be some advantages in administering Daman, Diu, Dadra and Nagar-Haveli as one unit.

It may be worth mentioning that in the recent discussion in the Rajya Sabha on the Non-official Resolution regarding Statehood for Himachal Pradesh, the Minister of State in the Ministry of Home Affairs stated as under :

"As the Hon. House knows, these Union Territories were created because of the special circumstances obtaining in those areas like Goa, Pondicherry, Manipur, Tripura, NEFA, Himachal Pradesh, Nagar-Haveli, Dadra etc., wherever we find that conditions do not exist which justify continuance of the Union Territory, we shall not hesitate even for a moment, either to merge it with the adjoining State or give it Statehood."

From this statement it can be inferred that Government is still prepared to consider merger as a possible solution for the future of Union Territories. Despite the apparent difficulties in the way of implementation of this policy, with patience and understanding, it should be possible to achieve the merger of some Territories at least. This step may also be justified in the case of Pondicherry.

### Chapter III—Special Problems Of Delhi

Recommendation No. 174 (950) : Recognising the validity of the States Reorganisation Commission's Recommendations, the Central Government in 1956 did away with popular set-up in this Territory and resorted to direct Central Administration.

Despite this fact, definite steps have since been taken towards the revival of responsible government at the State level. In these circumstances, even though the validity of the Recommendations of the States Reorganisation Commission and the obvious advantages of direct Central Administration of the national capital as recognised, it is not possible to ignore the steps that have since been taken to introduce a popular set-up in this Territory. This set-up is only two years old and what,

ever its imperfections, it must in all fairness be given a reasonable trial before it is rejected in favour of a more suitable alternative. This does not, of course, preclude the introduction of improvements, which may make the set-up more suited to the peculiar needs of this Territory. If after a reasonable period of trial this experiment proves to be a failure, it may become necessary to think of either a return to direct Central Administration or the devising of some other alternatives better suited to the needs of the national capital.

Recommendation No. 175 (951) : In order to improve the short-comings of the present arrangements at the Centre for the administration of the Union Territory of Delhi, it has been suggested that responsibility for the administration of this Territory should be concentrated in a separate Minister for Delhi Affairs. He will be territorially responsible for the Union Territory and the totality of its administration. This will be achieved by a complete integration of the administration at the territorial level with the Department of Delhi Affairs. The Lt. Governor in addition to his duties as an Administrator, will function as Ex-officio Secretary to this Department. The Chief Secretary will, similarly function as Ex-officio Joint Secretary, other officers of the Delhi Administration will also be given suitable ex-officio status. Technical departments will become a part of the Department of Delhi Affairs and, as a consequence, references on technical matters to subject matter Ministries will not be necessary. The Members of Parliament representing the Union Territory will together constitute a Policy Advisory Committee to be associated with the Minister of Delhi Affairs.

The main advantages claimed for this proposal are that the needs of the national capital will receive the undivided attention of an independent department. Its effectiveness will not be retarded because of the constant need to consult other Ministries on matters relating to their respective spheres of responsibility.

Although there may be some advantage in the adoption of this proposal, the scheme is unlikely to be an improvement over the present system. For one thing, it will mean the abolition of the representative organs recently established in this Territory ; for another thing, this proposal suffers from the same defects as the proposed Department of Union Territories.

Recommendation No. 176 (955) : The guiding principle which should govern the relations of the Central Government with the administration is that in respect of "transferred" subjects, irrespective of the legal position, the Central Government must treat the Delhi Administration in a manner similar to any State Government, particularly in matters of day to day administration. It will be necessary to ensure that the Central Government does not assume the responsibility

lities of an appellate forum against the actions of the Delhi Administration in this field. In regard to "reserved" subjects, however, where the Central Government's responsibility is directly relatable to administration of the national capital, it will have to take a detailed interest in their administration. With this guiding principle in view, suggestions for improvement in the present set-up are given in Recommendation Nos. 177, 178, 179, 180, 181 and 182.

**Recommendation No. 177 (956) :** Admittedly, the Metropolitan Council is not similar to a Legislative Assembly in a State or Union Territory, but considering that it is representative in the same manner as any of these institutions, by convention it should be accorded the status of a Legislative. In practice this will mean :

(a) The leader of the majority party must be called upon by the President to form the "Ministry" (Executive Council). The other Executive Councillors shall be appointed by the President on the advice of the Chief Executive Councillor.

(b) In case the Executive Council loses the confidence of the Metropolitan Council, it shall be dismissed by the President.

(c) Nominations to the Metropolitan Council shall be made in consultation with the Executive Council.

(d) The recommendations of the Metropolitan Council in relation to legislation shall normally be accepted by the Central Government.

**Recommendation No. 178 (957) :** The provision in the Delhi Administration Act, 1966 which lays down that the Administrator shall preside at every meeting of the Executive Council except when he is prevented from doing so on account of illness or any other cause, may be amended. Instead, it may be provided that the Chief Executive Councillor shall preside at every meeting of the Executive Council, or in his absence any other Executive Councillor nominated by him shall so preside. This step will in no way jeopardise the interests of the Centre for : (a) the Executive Council is precluded from discussing and taking decisions in relation to reserved subjects ; and (b) under the Delhi Administration (Business) Rules, a copy of the record of the decisions taken in the Executive Council is to be forwarded to the Administrator.

In every other respect also, the Chief Executive Councillor and Executive Councillors must be accorded the status of Chief Minister and Ministers of Union Territories respectively. This has particular reference to meetings convened by the Central Government in which the practice is to invite the Lt. Governor, who then authorises the Chief Executive Councillor to attend on his behalf.

**Recommendation No. 179 (958) :** It must be recog-

nized that in the peculiar circumstances of this Territory some matters will have to be reserved for the Lt. Governor. However, the following subjects can easily be deleted from the list of subjects allotted to "Home" which is reserved :

- (1) Magistrates Conferment/withdrawal of powers ;
- (2) Criminal Courts—Working and Supervision of ;
- (3) Mercy Petitions and death cases ;
- (4) Civil Defence ;
- (5) Obscene Literature ;
- (6) Young Persons Harmful Publication Act ;
- (7) Award of Medals.

**Recommendation No. 180 (959) :** The Metropolitan Council functions in a manner similar to a Legislature. Consequently the correctives applied by a Legislature to the actions of the Government through the question hour and various types of motions are also applied by the Metropolitan Council to the actions of the Executive Council. In this respect, the Metropolitan Council is akin to a Legislature. Parliament may, therefore, by convention agree to treat the Metropolitan Council as a Legislature. In other words, any issue which can be taken up in the Metropolitan Council need not figure in Parliament. Matters of day-to-day administration in respect of which the Administrator has taken a decision with the assistance and advice of the Executive Council should not be raised in Parliament. Other matters in which the Administrator has acted his discretion, or with the approval of the Central Government or in which he has to act in that manner not be covered by this convention.

**Recommendation No. 181 (960) :** A complete review of all delegations—administrative, financial statutory—should be undertaken with the objective of minimising references to the Central Government. The Administrator should be given maximum administrative and financial powers and also powers of the "State Government" under various laws ; except where it is absolutely essential to retain those powers with the Central Government.

**Recommendation No. 182 (961) :** A detailed review of the Delhi Administration (Business) Rules, 1966 should be undertaken so as to ensure that the internal work of the administration conforms to the above recommendations. The proposals made in respect of the Rules of Business of the Union Territories with Legislatures (Paragraphs 244 to 251) can serve as a useful guide for this purpose.

**Recommendation No. 183 (964—965) :** The idea of the Mayor in Council set-up really originated when the Union Territory of Delhi was under Direct Central Administration and a Powerful Municipal Corporation was created as a substitute for the popular set-up at the State level. In that context it was quite logical to take

steps for the strengthening of the Corporation. Now that the Metropolitan Council and Executive Council have been created and function as the representative bodies in the Territory, it appears necessary to review the proposal relating to the Mayor-in-Council, otherwise this may lead to unnecessary discord between the Territorial Administration and the Municipal Corporation, more particularly when the former is now to be accorded the de facto status of a State Government in respect of transferred subjects.

It is accordingly recommended that before the Government proceed any further with the legislation regarding the Mayor in Council, they should undertake a thorough review of the whole question and its likely impact on the autonomy of the Territorial Administration.

There may, however, be no objection in proceeding with the Constitution of Statutory Corporations for transport, bulk supply of electricity and water and sewage disposal.

## ADMINISTRATIVE REFORMS COMMISSION, STUDY TEAM ON PROMOTION POLICIES, CONDUCT RULES, DISCIPLINE AND MORALE, 1966—REPORT

New Delhi, Administrative Reforms Commission, 1967. (2 Vols.)

Chairman : Shri K.N. Nagarkatti.

Members : Shri R. S. Khandekar; Shri R. S. Gae;  
Shri R. L. Gupta; Dr. M.S. Patel; Shri  
Dharam Yash Dev.

Secretary : Shri N. Chidambaram.

### APPOINTMENT

The Study Team on Promotion Policies, Conduct Rules, Discipline and Morale in Public Services was first constituted by the Administrative Reforms Commission on June 16, 1966.

### TERMS OF REFERENCE

The Team was directed to make a study in the field of personnel administration, of the subjects, namely, promotion policies, incentives, policies and rules governing conduct and discipline to ensure efficiency, honesty and maintenance of morale. Under the subjects of 'Morale' and 'Incentives', the Study Team had inter-alia, to include in the scope of its study such diverse subjects as amenities and fringe benefits to staff, retirement benefits, work simplification, etc., being inter-related.

The Study Team was required to ascertain facts, locate the principle problem areas and examine and suggest solutions to the problems for the Commission's consideration.

### CONTENTS

Vol. I : Terms of Reference; Scope of Enquiry and

Methodology; Personnel System Today; Strength and Weaknesses; Promotion Policy and Salary Administration; Position Classification; An Essential Tool for Better Personnel Management; Conduct Rules and Discipline; Annexure to Chapter V; Aspects of Morale and Administrative Behaviour; Work Motivation, Incentives and Performance Evaluation; Welfare Schemes and Retirement Benefits; Reshaping the Public Services for a New Society; Summary of Recommendations :

Vol. II : Annexures I to XII.

### RECOMMENDATIONS

Personnel System To-Day : Strength And Weaknesses

The system of classification of the posts and services into four classes, viz., I, II, III and IV or their equivalents, and into the 'Gazetted' and 'non-gazetted' categories should be abolished. The existing rules and regulations based on these divisions should suitably be amended or replaced by alternative provisions which will achieve the purpose served by these rules and regulations.

All services designated hitherto as class I services, including the All-India Services Technical and Non-technical, should be brought within the framework of one set of unified conditions of service. For this, the following steps are recommended :

(i) The competitive examination for recruitment to the non-technical higher services should be common to all the services including the All-India Services;

(ii) In case the existing pattern of examination is continued for this common competitive examination for recruitment to the non-technical higher services, the maximum marks for the compulsory subjects should be raised to 700, keeping for the optional subjects 800, and for viva-voce 200, so that a more balanced type of intellectual candidates gets into the top ranks;

(iii) In this common examination, the optional subjects should include many new subjects, like Engineering, Chemical Technology, Medicine, Agriculture, Law, Textile Technology, Accountancy etc., so that, firstly technical graduates who now constitute the majority of first class students look to these services instead of seeking service abroad, and secondly, so that Governments can secure the services of the balanced type of intellectuals with technical as well as non-technical background from the universities for the multi-sided requirements of governmental work;

(iv) The maximum age limit prescribed for those competing the examinations for recruitment should be raised to 28, so that professional and technical graduates may be eligible for taking the competitive examinations in large numbers. Successful technical and professional graduates should be given two years' seniority over the others to compensate for the longer period spent by them at the universities. We recommend further that the ultimate objective should be to remove the age limits for participating in the competitive examinations for recruitment to Government service;

(v) The present technical higher services should be brought under conditions of service identical to those of higher non-technical services except for the recruitment examination being in the specialities pertaining to each higher technical service;

(vi) All the different services should have identical pay scales for posts at comparable levels. Consequently, the pay scales for the entry grade in all services should be on parity;

(vii) Recruitment to the present class II services on the basis of the examination for recruitment to the higher services (technical and non-technical) may be discontinued.

Persons belonging to the Scheduled Castes and the Scheduled Tribes should be placed in such appropriate positions where their special aptitudes could be usefully employed. For example, they can be given appointments in the field areas where special projects are undertaken for the welfare of Scheduled Castes and Tribes.

The recruitment of clerks should be made on the basis of a simple competitive examination by the departments. If the present type of examination for recruitment is continued, it may consist of a written essay on a simple subject and a piece of dictation to be taken by the candidates (which gives an idea of handwriting and

spelling) and writing a precis of it. A paper on Arithmetic should also be included. For promotion examinations for clerks similar simple tests may be desired.

Work standards should be evolved for all levels of jobs by undertaking special studies by experts; and the requisite strength of staff at the various levels should be determined on the basis of these standards.

The task of evolving the standards and the determination of the strength of staff should be entrusted to the Organisation and Methods Division under the supervision of the Central Personnel Agency.

The staff rendered surplus as a result of the adoption of the work standards should be absorbed elsewhere wherever corresponding vacancies may exist, or provided with alternative employment in suitable posts. For those who cannot be absorbed in any other vacancy under Government, a scheme for retirement should be evolved.

The institution of orderlies in the present day has developed into an anachronism. We recommend that to start with a reduction of at least 50 to 60 per cent of the orderlies in administrative offices should be made, spread over the next five years. This should be followed by a rapid increase in office amenities, such as telephone, PBX, telex, franking machines, computers in State-owned factories, etc., etc.

Specialisation in skills and knowledge should be built up in the services by allowing persons to continue in particular areas or fields of administration for a minimum period of 8 to 10 years. Transfers at short intervals from one branch to an altogether different branch of work should be avoided, as far as possible.

As in the present day personnel system the need for posting a person according to his aptitude is not fully met, the placement policy of Government should be revised and, in spite of the present rigid service barriers, opportunities should be provided for inter-service mobility in accordance with the aptitudes and skills of persons.

For manning the posts at higher levels in the Secretariat and other similar organisations, which are to-day in practice filled by drawing persons from only a few services, selections of persons of ability and talent should be made from as wide a field as possible. To achieve this : (a) there should be no reservation quotas of such posts for one or two services alone, (b) the selection of candidates for these posts should be made from amongst all the technical, professional, specialist and non-technical services on the basis of an examination to be conducted by the Public Service Commission in which those who have put in nine to twelve years of service may compete; and (c) for this purpose, the bi-data of all eligible persons should be maintained by the Personnel Agency entrusted with the selection.



To facilitate placement, the bio-data of persons selected on the basis of the examination should be maintained by the Personnel Agency concerned.

A "Civil Service of India" or "Federal Service of India" should be constituted for manning both in the State and at the Centre the higher managerial and policy formulating posts which are above or comparable to the posts of Joint Secretary to the Government of India at the Centre or the Development Commissioner in the States, in the technical and non-technical areas. The selection to this service should be made from among the members of the technical and non-technical services in the States and at the Centre having a minimum of 15 years of service, against 75 per cent of the vacancies, and from amongst the persons of the age-group of 40 years and above from the open market for the remaining 25 per cent of the posts.

Personnel Agencies should be established in each office or department or Ministry in the Centre and State with the specific functions of personnel management. Specially trained persons should be placed in charge of these special agencies. They should be called Personnel Officers. To deal with the policy matters of personnel administration and to give guidance to the Personnel Agencies, there should be a Central Personnel Agency both at the Centre and the States.

At the Centre, the Central Personnel Agency should be located in the Cabinet Secretariat. In the States it may be located under the Chief Secretary.

#### Promotion Policy And Salary Administration

Services where promotion avenues are limited should provide for a selection grade at 10 per cent of the strength of the entry grade to which direct recruitment is made. Accordingly, some of the present Class II Services and other Services should have 10 per cent of their entry grade in a selection grade.

The promotion quota for departmental candidates to higher levels to which direct recruitment from the open market by competitive examination is made may be increased to 50 per cent in cases where the existing percentage fixed for promotion is lower than 50 per cent.

The Personnel Branch in each department should be entrusted with the work of framing the rules regulating the promotion in accordance with the directions and principles laid down by the Central Personnel Agency. These rules should be framed in consultation with the UPSC/PSCs, wherever necessary.

In respect of the higher posts, the Departmental Promotion Committee should include a representative of the Central Personnel Agency, in addition to a Member of the UPSC/PSC.

In the larger interests of the administration, Mem-

bers of all PSCs should be persons who are not associated or concerned with any political party in the country.

A probationary period should be prescribed for promotion.

A minimum period of service in each grade should be fixed before an official can be considered for promotion to the next higher grade.

The promotion should be regarded as subject to any order that may be passed on representations, if any, received within a month of ordering the promotion, or pending at the time.

Fitness of promotion should be determined on the basis of the requirements of the posts to which promotion is made. Persons who are considered unfit in one promotion post and who may be found good enough for other post at the same level should be given opportunity to work in such suitable posts.

In relatively less important positions to which promotion is made on the basis of seniority subject to the rejection of the unfit, employees may be promoted subject to their suitability being determined by a trade test.

Civil servants working in the lower posts should be given an opportunity to compete in the combined competitive examination held for recruitment to the higher services, such as I.A.S., I.F.S. etc. by permitting age relaxation up to 35 years. They may be allowed to a maximum of two chances to appear in the examination. Ten per cent of the vacancies against the direct recruitment quota may be reserved for being filled up by the successful candidates in this examination.

There should be a provision for lateral entry into Government service of persons with specialised knowledge and experience from Universities, National Research Bodies, Industry and Trade, etc., and open market also. Age relaxation upto 45 years may be allowed in such cases.

Exchange of personnel working at the middle management levels between the private sector, quasi-Government Institutions, Universities, etc. and Government organisations may be encouraged in selected fields in order to enrich their experience and understanding of the inter-related problems and in order to bring about better administration.

No postings on deputation other than for training purposes may be permitted in the Central Secretariat below the level of Deputy Secretary, and in the State Secretariat below the level of Joint Secretary. Deputations may, however, be permitted at all levels in cases where persons with the requisite special qualifications and experience may not be available in the Services concerned.

The principles for deputation should be laid down

by the Central Personnel Agency indicating the percentage, quotas, periods, areas, etc., so that, as far as possible, a uniform policy is followed in all services and cadres.

Qualifying or competitive tests as methods for testing the fitness for promotion may be introduced not only at the lower levels but also at the higher levels, immediately upto and including those comparable to Deputy Secretaries to Government of India. The tests should be evolved on scientific lines based on psychometric methods used to assess the supervisory and leadership abilities. It should be extended to still higher levels, in due course.

Certain promotional posts are filled partly on the basis of seniority-cum-fitness and the rest on merit in the Secretariat and Departments like the Railways, Posts and Telegraphs, etc. This system may be continued at the lower levels.

There should be in each Department a machinery for considering the representations against non-selection to promotional posts. A senior officer of the department, a member of the Disciplinary Tribunal and a representative of the Personnel Branch may constitute this machinery. In the case of senior officers, this machinery should comprise of the Head of the Department, a senior officer of the Central Personnel Agency and a senior member of the Administrative Tribunal.

Seniority lists in each service should be periodically published. The principle, for determining the seniority, should be clearly laid down. Seniority should generally be determined on the basis of regular and continuous working in the concerned grade.

Suitable short-term training courses should be arranged for officers promoted in order to fit them into their new responsibilities.

All class I officers should be given a short training course with, or preferably as Magistrates, to give them a working knowledge of the procedures regarding enquiries, recording evidence, etc.

The supervisory staff should, under a regular procedure, be periodically sent to the Staff College and Management Training Institutions for short courses in order to develop and refresh their managerial and administrative skills. They should be encouraged to take study leave to equip themselves with additional skills and knowledge.

The Heads of Departments should be called upon to display greater initiative and interest in getting the staff working for them, trained in the various training facilities available to them. They should also encourage them to avail of the study leave facilities to go for advanced or specialised courses in their respective fields of work.

Physical training should also be given a place—

through a small place—in the scheme of training of officers.

For a sound personnel management a rationalisation of the pay structure is essential, keeping in view the following principles :

(i) The pay scales for posts of similar or comparable duties, responsibilities and difficulties and requiring same or similar qualifications should be identical;

(ii) The pay scales should eventually be uniform for comparable posts both in the Central and the State Governments. With suitable adjustments in the present salary structure reduction in the number of scales now in force, uniformity in the pay scales applicable to comparable posts should be brought about.

A pay Reserve Unit should be set-up in the Central Personnel Agency. It should apply itself continuously to the task of streamlining the salary administration and of periodically reviewing the pay scales for the Central and the States.

#### Position Classification : An Essential Tool For Better Personnel Management

All jobs under the Central and State Governments held by full-time Civil servants should be classified on the basis of levels of similar or comparable difficulty, responsibility and qualification requirements, so that the principle of equal pay for substantially equal work is observed and the differences in the rates of pay paid to different employees are in accordance with the substantial differences in levels of difficulty, responsibility and qualification requirements of the work and in accordance with the contribution of the employees to the efficiency and economy in the service.

The entire range of posts and services under the Central and State Governments can, on the basis of the above classification scheme, be covered by twelve grades each grade with its own scale of pay.

An enactment under Article 309 of the Constitution should be undertaken for inducing the system of position classification for all positions in the Government services.

The Central Personnel Agency should have a cell staffed with competent and trained officers to implement the position classification.

A scheme to train officers in the methods of classification should be made and implemented.

The Indian Institute of Public Administration and similar institutions should be asked to assist Government in this task by undertaking special research projects.

Appropriate pay scales for each grade should be prescribed for the twelve grades evolved in the position of classification scheme. Thus, twelve pay scales would cover all the posts and services under the Central and

State Governments, resulting uniformity throughout the country, and replacing the hundreds of pay scales now in force. Even though increments in many of these pay scales are provided biennially, after the first five increments, they should be allowed annually to those who reach the prescribed standard of efficiency in work.

Each existing permanent civil servant may be given an option to retain his present scale. The future recruits (both temporary and permanent) must all come under the new scales, as a result of the position classification.

The rules and conditions of recruitment in Government services should be modified to suit the new service conditions and pay structure.

### Conduct Rules And Discipline

Our recommendation is that all current Rules of Conduct in the States and at the Centre as also the special Acts passed as emergency measures, e.g., the Mysore State Civil Services (Prevention of Strikes) Act, 1966, etc. and the laws regarding 'public utility services', etc. should be replaced by a comprehensive enactment under Article 309 of the Constitution on the lines of our Draft of the Enactment appended. The Police Force (Restriction of Rights) Act, 1966 may, however, continue to be in force in regard to the Police. Subject to our observations in paragraph 5.1.9, our Draft Bill is prepared on the assumption that Article 33 may have to be amended in respect of some more categories of civil servants. This is no doubt subject to our observations in relation to Golak Nath's case referred to.

A similar bill will have to be enacted for the States also. All Tribunals now holding departmental enquiries should fit into the revised scheme.

All higher supervisory staff should be required to have a working knowledge of disciplinary procedures, punishments and appeals; class I officers, technical and non-technical, who are not now given such training should be given training for three months as Magistrates during the probationary period.

Full-time Disciplinary Tribunals should be set up for conducting enquiries against Government servants. Whole-time officers trained and experienced in conducting judicial proceedings should be appointed for holding departmental enquiries. So long as Lokpal and Lokayuktas have not been appointed, the members of the Disciplinary Tribunals should be directly under the Vigilance Commissioners in the States and Chief Vigilance Commissioner at the Centre for administrative purposes. After the appointment of Lokayuktas and Lokpal they will be under Lokayuktas and Lokpal.

All enquiries and trials against civil servants should be 'in camera'.

Disciplinary Tribunals should be vested with

powers to compel attendance of witnesses, examination on oath or affirmation of witnesses, and production of documents; necessary legislation for holding enquiries against Government servants should be enacted under Article 309 of the Constitution.

Consultation with the Public Service Commission in regard to disciplinary matters, as in force now, should be continued. The provisions in Article 311 of the Constitution in regard to the imposition of the penalties like reduction in rank, removal or dismissal, should be continued.

The maximum and minimum penalty that can be imposed for each typical offence or class of offences and for the repetition of the same offence should be prescribed, so that a certain amount of uniformity is introduced in disciplinary cases.

The item 'withholding of promotion' should be deleted from the list of penalties.

Supervisory officers who are not delegated with powers for suspending officials working under them should have powers to suspend them, pending departmental action, but subject to expeditious confirmation or otherwise by the competent officer.

No official should ordinarily be kept under suspension for a period of more than six months except in cases pending in the Courts; sanction of the higher authority should be obtained for keeping officials under suspension for a period beyond six months.

Officials who have been acquitted by the Courts by granting them the benefit of doubt, should ordinarily be reinstated from suspension without delay pending the question of examination of the institution of the departmental proceedings.

There should be provision for appeals in the classes of cases for which no such provision now exists.

There should be an Administrative Tribunal in the States and at the Centre to hear appeals. The Administrative Tribunal will be under the Administrative Control of Law Ministry in the Centre and the Law Department in the States.

Representatives of the employees on the Joint Consultative Bodies and on Labour Councils should not come as hitherto only as nominees of sectional Unions such as the INTUC, AITUC, etc., but should be elected by the entire employees force in the unit, each employee having one vote, such election being conducted in a fair manner by the management under the supervision, where such supervision is considered expedient of the Labour Department. The representatives so elected can then claim to speak on behalf of the entire employees force at the negotiation table.

The rules regarding recognition of the Associations or Unions of civil servants will have to be framed in

consultation with the machinery recently constituted for joint consultation and compulsory arbitration for Central Government employees. Provision should be made in these rules that the associations or the unions shall use the right to strike wherever such right has been recognized, only as a last resort. Similar rules should be made in the States.

The Lokpal and Lokayukta, when appointed, should look after the work at present being done by the Vigilance Commissioners and the Commissioner for Public Grievances.

In conducting enquiries in the Vigilance Cases by the Central Bureau of Investigation of the Special Police Establishment or the Anti-Corruption Bureau or the X-Branches in the States, the Heads of Departments should be taken into confidence, at the beginning stage of the investigations itself and kept informed of the position from time to time, so that the enquiries can be conducted on proper lines.

At least one senior officer in the Anti-corruption Bureau as also in the X-Branches in the States, should be from outside the State, so that important enquiries which are undertaken by these investigating organisations can be conducted without any mental reservations or fear of undue pressure from within that State.

A review of the cases under the enquiry by the investigating officers should be made periodically in order to introduce a sense of urgency in the completion of the enquiries as early as possible.

The Organisation and Methods Branch should make a special study of work procedures obtaining in some sectors of administration which have lapsed into chronic inefficiency or which are amenable to easy exploitation by corrupt elements and prescribe remedies for preventing misuse or corrupt practices.

Institution of proceedings against a retired Government servant in respect of his acts of commission or omissions during his service should be done before the expiry of two years from the date of his retirement.

There should be liberalisation of the rules regarding the eligibility of Government servants to contest elections. Excepting certain categories of civil servants they may be given the right to contest election, subject to certain conditions and their service rights should be protected to a certain extent.

Low paid civil servants may, with prior approval and subject to suitable restrictions, be allowed to take up part-time employment after the working hours of the office.

The apparent contradictions in the Conduct Rules currently in force as for example between Rules 12 and 15 of the Central Civil Services (Conduct) Rules, 1954,

should be resolved by appropriate amendments or administrative instructions.

### Aspects Of Morale And Administrative Behaviour

The morale of the Services being conditioned by the nature of the relationship between the civil servants and the Ministers, no room should be given to an impression that only a particular civil servant can get on with a particular Minister. While it is for the Minister to choose a top civil servant as his adviser, the choice should be guided only by the qualifications and the specialized experience and knowledge of such civil servants. A certain amount of anonymity among the civil services must be preserved.

The action done or service rendered in good faith by the civil servant should be defended by the Ministry, against uniformed or unjustified criticism, both in the Legislature and in public.

Top civil servants and others who are not in a position to defend themselves, should not be criticised by name in Parliament and the State Legislatures, as such criticisms tend to affect adversely the morale and inhibit the initiative and the capacity for taking responsibility on the part of the civil servants. Therefore, the question of evolving suitable conventions should be taken up by the Presiding Officers of the legislatures with the Leaders of the House and also of the opposition.

In order to prevent undue influence being brought to bear on civil servants directly by the elected members of the legislatures and by the office bearers of political parties, Government should issue instructions how sound and healthy relationship between them and the civil servants should be maintained and how the official business, the former may have with the latter, should be conducted.

The parties to which the elected representatives belong should undertake the responsibility of orienting them as well as their office bearers in their tasks and in the procedures for dealing with Government. For this purpose, a standard or code of ethical conduct must be evolved by the leaders of the political parties in consultation with noted jurists and eminent members of the public.

The Election Commission is now fully empowered to enquire into a very very limited number of over actions by legislators, such over actions constituting "disqualifications" within the meaning of Articles 102 and 191 of the Constitution. Recently, the Election Commission has been empowered to summon witnesses and enforce production of documents in such enquiries. Due to the extremely limited scope of the powers of the Election Commission, there has been, during all these eighteen years, only one case of an M.L.A. removed by the

Governor of a State from the membership of the State Assembly for entering into a clandestine contact with the Government. (K.N. Nagarkatti, Vs Basant Kumar Mishra, decided on 19th November, 1955 by the Governor of M.P., on the report of the Chief Election Commissioner, Shri Sukumar Sen). As complaints of undue influence by legislators are on the increase, it is necessary to recognise the Election Commission as an enquiring body with much larger scope than hitherto. This is recommended to be done by a special Parliamentary enactment under Articles 102 (1) (e) and 191 (1)(e) of the Constitution whereby a much larger category of misdemeanours by legislators entail "disqualification" to continue as members of their respective bodies.

If Parliament's intention is to confine the functions of the Election Commission of holding election as prescribed by the Constitution, all the functions of the Election Commission relating to enquiry under Articles 103 and 191 should be made over to a separate set of tribunals (may be the Lokpal) by a suitable amendment of these Articles.

Rules should be framed by Parliament under Articles 104 and 193 empowering the Election Commission (or by the successor tribunals) to examine the cases coming under those articles and to impose the penalties prescribed therein.

The powers for removing the disqualifications of members of Legislatures should be subject to the review of the High Court concerned. This may require amending of the Representation of the People Act, 1951.

Civil servants should try to build up their image with the people by their sincerity and earnestness with which they do the work allotted to them. For example, if civil servants are required to tour in the interior and halt some nights in the villages in connection with their work, they should do so in a real and effective manner, and for this purpose re-introduce touring in tents as an obligatory routine. If Government requires that doctors incharge of rural dispensaries, officials incharge of schools, irrigation projects, etc., should stay in the villages they should do so instead of trying to rush back to their city dwellings.

Special concessions such as grant of additional leave, greater pensionary benefits etc, should be given to those working in specially hazardous areas or occupations.

A rule should be laid down that orders given orally or given on the telephone must, as soon thereafter as possible, be reduced to writing and should be got confirmed by the authority giving such orders.

Good inter and intra-service relationships should be fostered among the civil servants to build-up morale.

This should be done by re-arranging the system of working which will deliberately eschew the undesirable social and cultural practices tending to produce divisions and emotional barriers among civil servants along status lines, and which will lay emphasis on better administrative modes of communication, acquisition and use of professional skills and expert knowledge and healthy cooperative endeavour on the part of the civil servants.

Such practices and procedures, both within and outside the office, should be adopted as will enable a better understanding of each other as human beings and foster a spirit of fellowship among the civil servants.

In order to secure the active participation of the employees in the objectives of the organisation, Staff Suggestion Committee should be set up in each office under the Chairmanship of the Head of Office and periodical meetings of the Staff Committee should be held to discuss many of the day-to-day problems and to consider the suggestions from the employees in this connection. The participation of the employees in the management functions should be extended to areas where there will be no conflict of interest, or incompatibility with the law of the official duties of the employees.

In order to ensure that the leadership of office is maintained and greater co-operation of the staff working under him is ensured there should be adequate delegation of authority in the Head of the Office and other authorities down the line, so that most of the problems of the organisation and also the individual problems of the employees in regard to their service rights are tackled properly at the respective levels.

Clear and comprehensive instructions on the work to be done at the various levels should be laid down and explained clearly to the employees.

Similarly, the channel of communication, both up and down the line, should be made smooth, so that rumours, undesirable propaganda, etc. in the organisation are eliminated to the maximum extent possible.

In order to remove the sense of insecurity among temporary employees, all such employees who have put in continuous service of five years under Government should ipso facto be deemed permanent.

In order to infuse confidence in themselves and ensure the independence of judgment among the higher civil servants, they should be given the right to retire from service on proportionate pension and gratuity any time after completion of 18 years service.

Frequent changes in the age of superannuation create suspense and sense of insecurity. There should be uniformity in the age of superannuation. It should rather be increased than lowered in view of the improv-

ing trend in the standards of health and in the average span of active life of the people in general.

In order to inspire confidence in the fairness of the methods adopted for retiring civil servants for reasons of their unsuitability or inefficiency, etc., at the age of 50 or after the completion of 25 years, the list of such persons should be drawn up by a High-powered Committee. For class I civil servants, the Committee may consist of the Cabinet Secretary, the concerned Secretary and the Home Secretary at the Centre, and the Chief Secretary, the Head of the Department and the concerned Secretary, in the States. Similar Committees should also be formed for staff at the lower levels.

Sometimes transfer of civil servants from one station to another are ordered on account of extraneous pressures. This practice weakens the morale of civil servants as a whole. Transfers should be ordered only when they are unavoidable, such as the occurrence of the vacancy in a different station; the demand for the services of persons with specialized experience not available in the same station, etc.

Retention of persons with special experience in a project or a specific assignment till its completion is best secured by making specific provisions in the rules, such as conversion of the project into a temporary corporation by statute or under the Indian Companies Act, for the period of its implementation, grant of promotion to the person working on a specific assignment when his turn for promotion comes by upgrading the post or under the next below rule.

Research workers should, if they become no longer capable of useful or fit for research, be transferred to education or technical departments where they can continue to work as career civil servants.

Officials working in pay scales below a certain level, say, drawing below Rs. 350 p.m., should not, as far as possible, be transferred from one station to another. When the exigencies of the service so require, they may be transferred from one office to another in the same station or a nearby station.

There should be a common motto for all civil services, such as :

“सह बोध करवानहै”

Or

“सिद्धिर्भवति कर्मजा”

There should be one organisation at the Centre and a similar one at the States to look after the task of reform and improvement of administrative procedures and methods. The O & M Units in Centre and States may be entrusted with this work. The O & M Unit at the Centre may function under the Department of Administrative Reforms which should be in charge of implementation of the recommendations of the Admini-

nistrative Reforms Commission. The O & M Units in the Centre and States should continually examine the justification for the growing strength of personnel and of the multiplication of offices in Government with a view to checking the proliferation, and take up the work of simplifying the procedures and methods of working in Government offices in order to expedite the processes of decision-making and implementation of programmes.

The methods of working in Government offices should be overhauled by a High Level Committee consisting of competent and experienced persons including an officer from the Indian Audit Department and replaced by a set of rationalised, efficient and expeditious procedures in keeping with a modern and dynamic administration. The various books of rules and regulations like the Civil Services Regulations, Fundamental and Supplementary Rules, various Office Manuals, etc., should be got re-written in the light of the changes made. Certain specific examples of simplified procedure are given in paras below.

The Office manuals and book of rules and regulations should be issued in unbound form with arrangements for removing or inserting corrections, amendments, etc. in loose sheets.

Pension clearance procedures should be revised, following the examples of Madhya Pradesh and Maharashtra. The excessive emphasis on verification of service should be relaxed. The service books should be regarded as adequate evidence without a cent per cent verification.

Every office must have its own arrangements for receiving moneys on its own receipt books and for crediting the total collections now and then in the Treasury. The challan system should be used in exceptional cases. The practice of taking fixed fees such as for licence on radio and Central Excise renewals, in the shape of stamps, similar to court fee stamps should be introduced wherever practicable easily.

Rebate system should be made more frequent in use of in order to reduce clerical transactions. Examples are the reduced charges for renewal of radio licence for a three years' period at a stretch and, in Maharashtra and other States for registration of a car or truck for a whole year at a time.

A sense of participation and involvement with the organisation should be developed among the staff and the public dealing with the organisation through the introduction of suggestion boxes

A consciousness of economy should be generated among the civil servants. In order to encourage this, it may be provided that where economy is effected in the expenditure on electricity, stationery and other contingencies in comparison with previous average

expenditure on such items, a portion of the amount saved will be diverted as grants for welfare activities and for other amenities to the staff.

Measures intended to bring about economies should not lead to dilatory or inefficient functioning of offices. For example, in order to effect economy in travelling expenditure journeys which take more than twelve hours by rail but which can be conveniently done by air should not be required to be made by officers by rail. But quality of papers which will affect the working or which will throw a strain on the employees should not be required to be used to save a small amount on the expenditure on stationery.

Labour saving devices, such as franking machines, copying machines, etc. should be installed on an increasing scale in Government offices.

All officers having public dealings should have good reception arrangements.

The canteens and tiffin room facilities for staff should be provided for in well-ventilated rooms and maintained in clean and hygienic conditions.

To prevent loitering of staff, tea and light refreshments should be arranged to be served at their working desks.

Telephone and inter-communication facilities should be much more freely provided to enable easy communication and contact within the officers and the staff.

The layout of the offices should be properly arranged to avoid over crowding of staff and to ensure smooth flow of work, without duplication of effort or movement.

Stationery and equipment for office like furniture, storage space for records, etc., should be standardized.

Hot and cold weather arrangements and lighting arrangements should be conducive to working without strain or discomfort.

Government offices should, as far as possible, be located in departmental buildings, especially those having direct dealings with the public, instead of in rented accommodations.

The seating arrangements in offices should enable proper supervision by the supervisory staff. Officers should not work in closed rooms, screened and separated altogether from the staff.

Greater financial powers should be delegated to subordinate authorities for hiring accommodation for offices, so that commodious and centrally located buildings which will provide comfortable working conditions to staff, can be rented.

#### Work Motivation, Incentives And Performance Evaluation

Selection procedure should be so devised as to get a greater proportion of achievement-motivated persons into Government service despite the limitations in-

herently imposed by the society as a whole.

The norms set for achievement should be higher than those of the society but should not be so high that are impossible to achieve.

The arrangement of work in Government should be such as to enable identification of the contribution individually from those engaged in the task, so that it will be capable of being assessed and rewarded and emulated by others.

There should be arranged training courses in achievement motivation for officials.

Gross-mobility between the business, academic sector and the Government sector should be promoted.

A close association of the employees with the management of the organisation in regard to matters which directly affect the employees should be secured by having consultative machinery in which the employees and the management should discuss the work and the problems of the organisation in periodical meetings.

In dealing with the employee's allowances for the individual traits of each should be made. The administrative methods for rewarding the employees or punishing them and getting the best out of them should be accordingly adjusted.

The motivating factors such as the self-esteem, recognition from others and self-development which an employee seeks, should be the basis on which the methods and procedures for achieving the objectives of the organisation should be built up.

While there is need for adopting the methods such as imposition of punishments for acts of commission and omissions of the employees, positive incentives such as the prospects for advancements to the top positions, attractive conditions of service, convenient working hours, adequate leave, promotional avenues, medical facilities, retirement benefits, housing and other welfare measures, should be liberally employed.

Standards of work should be evolved and output above the prescribed standard should be rewarded by additional monetary payments or other rewards. At the same time, output below the standard should involve reduction of monetary compensation payable for overtime work over a period of a month.

Overtime work should be permitted under the orders and done in the immediate presence of supervisory staff.

Hourly rate of overtime payment should be prescribed only in cases where output could be measured. For other types of work overtime working should be compensated either at a fixed rate irrespective of the hours of work or by grant of compensatory leave.

No staff should be brought on to work on holidays. In unavoidable cases compensatory leave for those brought on duty on holidays should be given.

A maximum limit for overtime work should be laid



down in a week. It should not exceed normally one-fifth of the weekly working hours in a week.

Corrective action should be taken in respect of civil servants who do not come under any overtime scheme and whose output has been noticeably below the average.

Budget provision for making financial awards under incentive schemes may be made at a minimum rate of one per cent of the provision under salaries and allowances.

The system of grant of commendatory certificates, honorary titles, medals, etc., to civil servants in recognition of outstanding or exemplary performance of duties may be enlarged. Some of these awards may carry with them certain financial benefits, such as a fixed monthly allowance or a payment in lump sum.

Advance increments, cumulative or non-cumulative, may be granted in recognition of meritorious performances.

Incentives to a group of employees, especially those engaged on development projects, may be granted if the projects are completed substantially before the scheduled time. Such incentives may be in the shape of a grant of bonus of one or two month's pay. Special provision may be made in the budget as a small percentage of the total capital cost of the project.

Economies effected by concerted effort on the part of a group of workers may be earmarked for being spent on some welfare amenities for the staff.

Punctual attendance over a long period of time may be recognized by grant of a token gift, such as a pen, time-piece, etc. Similarly, frequent late attendance should be curbed by punishment such as imposition of fine, loss of pay, etc.

Civil servants who pass the departmental examinations with merit may be granted advance increments. They can also be considered for deputation vacancies carrying additional allowances.

Encouragement may be given to the staff to acquire special skills by institution of prizes, cash awards, grant of advance increments etc.

Holidays should be restricted to the barest minimum. The system of declaring one day only as holiday as the Martyr's Day or the Founder's Day instead of a number of days in honour of the memory of different persons should be introduced. The number of religious holidays may be reduced to a maximum of seven days, three for Hindus and one each for Muslims, Sikhs, Christians and Budhists. For all religious or other important days the persons concerned may be asked to take leave. Every second and fourth Saturday in month may be declared as a holiday, after the reduction in the number of Holi holidays.

A systematic study of the question of provision of

incentives in each department should be undertaken by Government in co operation with such institutions, like the Indian Institute of Public Administration, the Indian Institute of Management, etc.

Each civil servant should submit a brief report in his own words on the work done by him. He may mention any difficulties or other factors which came in his way. This report should be taken into account in the appraisal of his work and will be attached to his performance evaluation report.

The performance evaluation report should be written in two parts—one in the graphic, and the other in the narrative form—as prescribed by us.

Three officers should be associated with the writing of the report: (a) the immediate superior officer (the Reporting Officer), (b) the next higher authority (the Reviewing Officer), and (c) a senior representative of the Personnel Branch who should be of a higher grade than that of the officer reported upon.

Immediately after the report is written, it should be shown to the employee, and his signatures be obtained in token of compliance with this procedure.

For certain categories of officers a potential appraisal report in the form prescribed by us should also be maintained.

Twenty per cent of the supervisory staff should, by turn, be interviewed individually each year by a Committee consisting, among others of the Reporting, Reviewing and Personnel Officers during which the work of the official should be discussed and a brief note of the discussion should be kept in the file containing the evaluation reports.

A political executive should be required to write the annual report of only his personal staff. In respect of other high officers working directly under him he may give his remarks on such occasions when he specifically wants to make the remarks or when he demits office.

The employee should be given the right to make a representation against the remarks made in his annual report.

The Deputy Commissioner who is required to give a general report on the other officers not working directly under him, should send his remarks to the Reporting Officer concerned.

The instructions for safe custody of the reports should be issued by the Central Personnel Agency.

The overall evaluation of the report should be made by the Departmental Promotion Committee or the concerned authority only into three categories: "unfit for promotion," "fit for promotion" or "outstanding".

### Welfare Scheme And Retirement Benefits

Welfare schemes for the employees should receive special attention under the guidance of trained officers,

as has been done to a certain extent in the Central Secretariat, the Railways, the Posts and Telegraphs and in the Defence Forces.

There should be a policy of freezing of rents of houses along with freezing of prices of essential commodities and wages of the staff, so that the real income of the employee is not eroded by inflation.

Allotment of houses to Government employees should be made in such a way that the employees are housed in the neighbourhood or not far from their offices.

Legislation on the lines of the law for consolidation of land holdings may be considered, to enable exchange of accommodation on a large scale among the employees in a manner which will result in their living in the neighbourhood of or not far from offices.

In order to reduce the cost of construction and therefore to keep rents low, housing colonies for Government servants may be developed on sites outside or near the perimeter of the city where land and building materials would be cheap. Less expensive but, at the same time, durable building materials should be used for construction, such as the use of mortar or cheap bonding materials such as pesticide-treated clay, instead of cement, etc.

Existing measures for easing the position of housing accommodation by construction of houses through Co-operative housing societies, grant of loans from L.I.C. and duly recognized financial institutions, allotment of land at the reasonable prices, hiring hostel accommodation, etc., should be continued.

To avoid over-crowding and consequent problems of transport, high rents, etc., Government offices should be dispersed and located in suburban areas and even in smaller towns.

Construction of multi-storeyed blocks of flats should be the rule in cities and bigger towns.

Rules for allotment of Government accommodation should enable allotment to the employee on the basis of his first appointment as civil servant, irrespective of the date on which he has become eligible for getting the appropriate type of Government accommodation.

The procedure for collection of rent for Government accommodation should be de-centralized.

The time taken for completion of the construction of Government houses and making them ready for allotment should be reduced by proper and effective co-ordination among the various authorities concerned. Cases of inordinate delay are unfortunately too common.

Transport to and from Government colonies and public offices may be arranged by Government on payment of reasonable charges, by hiring public conveyance running in the city or by arranging the bus services

on suitable routes.

The Central Government Health Scheme available in Delhi to Central Government employees should, as far as possible, be extended to all civil servants in other areas and should replace the present reimbursement scheme for provisions of medical facilities.

In places where separate provision for treatment of Government employees is not possible, separate wings may be provided in the Municipal or State Government Hospital for the treatment of Government employees and supply of medicines to them.

Under the schemes for reimbursement of the cost of medical treatment and administration of medicines at present applicable, the rules should provide for the reimbursement of the cost of essential and ethical drugs only and not of preparations (e.g. vitamins) which can as well be categorized as special food or tonics for making up nutritional deficiencies of food by persons in normal health.

As the system of reimbursement of the cost of medicines purchased from the market is open to abuses, arrangements should be made for supply of the medicines from the Government or Municipal Hospitals or Government Medical Stores, or Government-supervised Co-operative Stores, or from Government factories manufacturing medicines.

Steps for encouraging family planning among Government employees should be taken by Government as a special measure. C.G.H.S. facilities should be given on a lesser scale as the family increases beyond a limit.

The monetary contribution from an employee under the Central Government Health Scheme, should be based on the number of entitled beneficiaries in his house.

Employee counselling and guidance should receive urgent attention. The supervisor should be the main person who should undertake this work at the initial stage. The Supervisor and Welfare Officers required to do this work should be given necessary training in the methods of handling employees' grievances. The Welfare Officers should associate as representative of the Staff Associations in welfare matters. The machinery for attending to the grievances of employees should act with expedition.

A Welfare Council or Committee appointed in each office should attend to welfare matters, including the standards of cleanliness of the office, the canteens, etc.

The travel concession for visiting home town for the employees may be liberalized by making them eligible for it annually.

Uniformity in the scale of travel concessions should be introduced as between Railway servants and other employees by curtailing the concessions now permitted

to Railway servants.

Reimbursement of the charges for the Railway fares may be replaced by a warrant system.

Holiday homes for Government servants should be built at places of tourist interest.

Government servants should be encouraged to take leave, so that they can relax and come back to their jobs refreshed. They should also be encouraged to take study leave for undergoing special training or special refresher or other courses, to improve their skills and knowledge.

Fellowship activities aimed at removal of emotional barriers and at building up esprit de corps amongst civil servants should be undertaken in a large way, such work being entrusted to people who have aptitude for it and who are specially trained for the same.

Central and State Governments should start and subsidize recreation centres where senior and junior civil servants can meet on a social plan.

Senior officials in supervisory positions should be entrusted specifically with the duty of organizing social and cultural activities, including conducted tours on week-end trips and so on.

Facilities for recreation and sports for Government employees should be provided where sizeable number of Government employees are living so that they keep their health and physical fitness unimpaired.

For the children of female government employees, halwadis, creches and day-nurseries should be established at convenient centres in government colonies.

Women civil servants who resign their jobs before they become entitled to retirement benefits, may be permitted to take up re-employment in suitable posts, subject to the condition that the period of break in the service does not exceed five years, and in that case, their past service should be taken into account for other service conditions, such as leave, pension, etc. They may also be given preference in appointments to part-time jobs under Government when they are otherwise qualified to hold these posts.

Co-operative organisation among Government servants should be encouraged by giving facilities for formation of Government Consumer Co-operative

Stores, House-building Societies, etc.

Government employees should be given assistance in the matter of settling their problems such as litigations, criminal cases in which they may be involved by such measures, as legal assistance on reasonable charges, furnishing surities, loan from their Provident Fund, etc., as otherwise they will not be able to devote their full attention to their official duties and their image in the society may suffer thereby.

Establishment matters, such as issue of leave orders, sanction of increments, etc., which affect the personal rights and conditions of service of the employees should receive prompt attention. The employees may seek the intervention of the Welfare Officers to avoid delays in settlement of such cases.

Opportunities through Adult Education Programmes should be made available by Government to the employees to improve their skills and knowledge and their equipment for their official duties. Such opportunities to the families of the employees may also be provided for learning some special skill or trade.

The Welfare Officers may also be trained in employee counselling and guidance through such Adult Education Programmes.

Employees who are required to do work connected with welfare programmes in addition to their normal duties, should be granted suitable extra remuneration.

The present pensionary and other post retirement benefits may be replaced by an insurance scheme which will confer on the employees benefits on a scale not less than those available under the existing scheme.

If the scheme of insurance in lieu of the present pension system is not accepted, the procedures for calculation and sanction of pension should be radically simplified on the lines indicated.

The General Provident Fund Scheme may be abolished; if this is not acceptable, it may be replaced by a scheme of Annuity Deposit to be operated by the Banks.

Amounts of pension commutations, provident fund, interest, leave salary, etc., should always be expressed in whole rupees.

# ADMINISTRATIVE REFORMS COMMISSION, STUDY TEAM ON RECRUITMENT, SELECTION, U.P.S.C./STATE P.S.Cs. AND TRAINING, 1966—REPORT

Delhi, Manager of Publications, 1967. 103p.

**Chairman** : Lt. General S.P.P. Thorat.  
**Members** : Shri P.K. Dixit ; Shri M.D. Misra ; Shri  
V.G. Rajadhyaksha ; Dr. A.V. Rao ;  
Shri S.H. Zaheer.  
**Secretary** : Shri A.V. Seshanna.

## APPOINTMENT

The Administrative Reforms Commission, in its Memorandum, dated June 17, 1966 appointed the Study Team on Recruitment, Selection, U.P.S.C./State P.S.Cs. and Training.

## TERMS OF REFERENCE

The study team was charged with the functions of ascertaining the facts, locating problem areas, examining the solutions and making recommendations.

## CONTENTS

Preface ; Recruitment ; Public Service Commission ; Training ; Summary of Recommendations ; Acknowledgements ; Tables I to VII ; Appendices I to XVII.

## RECOMMENDATIONS

### Planning For Recruitment

In all established services and, to the extent practicable, for other requirements, of Personnel to Government, the recruitment rate should be determined on the basis of triennial reviews and of projections of the likely rate of growth over the next five years. In addition, correctives should be applied annually in the light of any fresh development.

**Availability** : (a) In categories in which there is insufficient response from candidates and particularly those requiring attainment of special skills, arrangements for securing the requisite number of personnel should be made. Where necessary, these arrangements may include the promotion of facilities for pre-entry training ;

(b) In the scarce or highly specialized categories among Class I Services, advance planning of requirements with facility for acquiring the requisite specialisation should be undertaken. In suitable cases officers already in service should be given training in the specialized fields ;

(c) For the requirements of the difficult areas, the cadres of the established services should be suitably expanded and liability for service in these areas made compulsory.

**Better Publicity** : Steps should be taken to publicize, among the young graduates, the types of careers open in Government service. Some of these would be the bringing out of suitable publicity material and talks to degree and Post-graduate students by senior Government officers.

**Mobility in the Services** : (a) The mobility in the services which the proposed Civil Service Staff College would provide should be publicized ;

(b) A Government Servant should be allowed to quit the service after a tenure of fifteen years, with proportionate pensionary benefits.

**Opportunities for Study Abroad** : More opportunities should be created for Government servants to visit foreign countries to study their administrative systems and practices, either on the Government's own initiative or through a scheme of interchange with officials of foreign countries.

**An Attractive Recruitment Method** : As a measure for making the competitive examination more attractive to the better university graduates an alternative method of entry should be provided. The following should be the essential features of this method :

(i) Admission to the examination should be restricted to graduates who have secured at least 55 per cent aggregate marks at their first Degree examination .

(ii) The candidates should take a written examination of three papers, namely; English Essay, a General English paper designed on the lines of the general papers for the Method II examination of the U.K., and a General knowledge paper ;

(iii) Candidates whose performance at the written examination is found to be satisfactory, should be sent to a Screening Board to undergo a series of tests and interviews ;

(iv) Candidates who make the grade at the Screening Board should then go for an interview before the main Selection Board of the Union Public Service Commission ;

(v) To begin with, recruitment by this method may be restricted to 25 per cent of the vacancies in all India

and the Central Class I Services fed by the combined competitive examination. After some experience has been gained it may be possible to increase the percentage ;

(vi) The working of the alternative scheme of examination should be reviewed initially at the end of three years to ascertain whether it secures improved response. A further review should be made after the scheme has worked for about 10 years to assess comparative performance of candidates recruited by the two methods.

**Age Limits :** (a) It is not necessary to make any general relaxation in the Upper age limit prescribed for the higher services. However, for candidates with a Ph. D., the upper age limit should be raised to 26 years. The relaxation should apply to both the existing method of competitive examination and the alternative method recommended by us ;

(b) The age limits for the Combined Competitive Examination should be changed to 20—24 for all services and that not more than two effective chances should be allowed at the examination. If a candidate succeeds in getting into any of the services he should be allowed a chance to improve his position only in the next consecutive examination and not later.

**Limited Competitive Examination :** (i) Upto 10 per cent of the vacancies occurring each year in the All-India and Central Services Class I (non-Technical) may be filled through a limited Competitive Examination among serving Government servants who are not in Class I services provided candidates of the requisite standard are available

(ii) The age limits for this examination should be 26—32. The other essential requirements should be a recommendation of the Development of State Government, the possession of a degree with at least 50 per cent marks at the first degree examination and five years of continuous service under the Central or State Governments.

(i) The examination should be similar to the written part of the alternative method recommended by us for the Combined Competitive Examination followed by an extended interview and an assessment of the service records.

(iv) Each candidate will be allowed only one chance at this examination.

**Lateral Entry :** There should be a provision for lateral entry at higher levels in posts which require specialised knowledge or experience not normally available in the established services and in the technical services.

### Public Service Commission

**Need for Preservation of Independence :** The Public Service Commission should not become an arm of the

executive and should remain independent.

**Annual Reports :** (a) The Annual Reports of the Public Service Commissions should be published regularly and placed promptly before the Legislature.

(b) If, as suggested by the Estimates Committee of Parliament in its 93rd Report, a Standing Committee of Parliament is established for scrutinizing rules framed by Government on service conditions of public servants; we would suggest that this Committee should also scrutinize the Annual Reports of the Union Public Service Commission and make its own report to the two Houses. Similar Standing Committees should be set up in the States.

**Exemption from Consultation :** (i) Exemption from Consultation with the Public Service Commission should be made sparingly;

(ii) State Governments should establish a convention of consulting the Public Service Commissions before granting the exemption as is done by the Union Government vis-a-vis the Union Public Service Commission.

(iii) All exemptions should be reviewed once in five years in consultation with the Public Service Commission.

### Departmental Service Commission

(i) Departmental Service Commissions modelled on the pattern of the Railway Service Commission should be set up for recruitment of Class III and Class IV posts excluded from the purview of the Public Service Commissions.

(ii) The Members of the Departmental Service Commission should be appointed in consultation with the Public Service Commission.

**Recruitment to Quasi-Government Institutions :** All Institutions which are entirely financed by Government (other than the Public Sector undertaking) should recruit their personnel through one of the following agencies :

(i) The Union Public Service Commission ;

(ii) A Commission established by the concerned institutions on the lines of the Railway Service Commission ; or

(iii) An inter-organisational set-up.

### Appointment Of Chairman And Members Of A Commission

(a) In making appointments to the State Public Service Commission, the State Government should be advised by a panel consisting of :

(i) The Chairman of the Union Public Service Commission or his nominee ;

(ii) The Chairman of the State Public Service Commission (even in the appointed of his successor) ; and

(iii) A nominee of the State Government.

(b) In making appointments to the Union Public Service Commission the Central Government should be advised by a panel consisting of :

(i) The Chairman of the Union Public Service Commission (even in the appointment of his successor) ;

(ii) The Seniormost Serving Chairman of the State Public Service Commission ; and

(iii) A nominee of the Central Government.

(c) It is desirable that the State Governments should establish a convention that at least one Member of the State Public Service Commission is appointed from outside the State.

#### Conditions Of Service Of Chairman/Members

(a) The emoluments of the Chairman and Members of the Union Public Service Commission should be the same as that of the Cabinet Secretary and a Secretary respectively. In the States, the emoluments of the Chairman and Members of the Public Service Commissions should be the same as those of the Chief Secretary and Secretary to the State Governments, respectively.

(b) Provision may be made for grant of pension to such of the retiring Members of the Public Service Commissions as now not entitled to it. As far as possible, the rates should be uniform.

(c) In order to dispell the atmosphere of suspicion and to attract comparatively young and able men, the existing restrictions on employment of the Chairman or other Members of a Public Service Commission under Government on ceasing to hold office may be removed.

(d) The age upto which the Chairman or other Members of the State Public Service Commission can hold office may be raised to 65 years by amending the relevant provisions of the constitution.

#### Secretariats Of The Commission

(a) Officers of the Secretariats of the Public Service Commissions should be placed in a hierarchy with the Secretary one rung below a Member and so on.

(b) Secretariats of the Commissions should be staffed with competent personnel in adequate numbers.

(c) In order to provide better avenues of promotion, staff of the Commission should be the part of the Government Secretariat. Transfers between the Commission and the Government Secretariat should be made invariably in consultation with the Chairman of the Public Service Commission.

Contact between U.P.S.C. and State P.S.Cs. : (a)

(i) There should be a conference of the Chairman of the Union Public Service Commission and the Chairman of the State Public Service Commissions at least once a year or once in two years.

(ii) The Chairman of the State Public Service Commissions should be associated more often in the selec-

tions made by the Union Public Service Commission.

(b) Officers of the State Public Service Commissions should be attached for brief periods to the Secretariat of the Union Public Service Commission for watching and learning recruitment work.

Research Cells : (i) There should be a well-organized Research Cell in each Public Service Commission to collect and interpret all data regarding recruitment.

(ii) University faculties and institutes of public administration should be encouraged to use these data for research.

Disciplinary Matters : If Appellate Tribunals are created for hearing appeals in disciplinary matters, the present functions of the Public Service Commissions in such matters should cease. We do not agree with the recommendation of the Study Team on Administrative Tribunals that only appeals against three major penalties should go to the Tribunals and in the case of the other penalties the Public Service Commissions should continue to be consulted.

Delays in Recruitment : In order to avoid delays in recruitment the following steps should be taken :

(i) The requisitions for recruitment should be handled at sufficiently high levels in Government and in doubtful cases and, particularly where Recruitment Rules have not been framed, informal consultation with the Public Service Commissions should be made. The tendency to overpitch the requirements of qualifications should be discouraged.

(ii) The Public Service Commissions should have their own examination halls.

(iii) The attestation forms should be sent to the authorities concerned directly by the Public Service Commission ;

(iv) The verification procedure itself should be expedited, the ideal being that not more than a week should be taken by each authority expected to report on the antecedents, viz., the District Police, the District Magistrate and the D.I.G. (C.I.D.). The replies should come not to the Public Service Commission but to Government ;

(v) As rejections on the basis of verification reports are most infrequent, there is every reason to have the medical examination completed and appeals, if any, decided in the time taken for verification of character and antecedents ;

(vi) The practice as in the Government of India for the Combined Competitive Examination should be introduced in the States. All successful candidates should automatically indicate their final preference within ten days of the publication of the result, failing which the preference given in the application form will be treated as final ;

(vii) The appointment letters should be issued imme-

diately after the above formalities are completed.

**Delays in Promotion Cases :** Cases regarding promotion and of fixation of seniority should be referred to the Public Service Commissions with complete supporting data.

**Departmental Examinations :** Departmental Examinations for purposes of promotion, confirmation or tests of proficiency should be the sole concern of the departments themselves, provided that for purposes of Class II to Class I cadre, a regular system of promotion examinations, to be conducted by the Public Service Commissions, should be instituted and the examination branches of the Commissions be suitably strengthened for the purpose.

**Temporary Posts :** While advertising temporary posts, the Public Service Commissions should indicate the likely period of continuance of the posts.

**Cases of Re-employment :** In respect re-employment of those classes or posts which come within the purview of the Public Service Commissions, a prior reference to the Public Service Commission should be insisted upon before sanctioning re-employment.

**Library Facilities :** Every Public Service Commission should have a good library and the Services of a Reference librarian.

**Training objectives :** (a) Formal training should be compulsory for all civil servants in Class I, Class II, and Class III and for some categories of Class IV employees too.

(b) In the case of class I officials, the emphasis must move increasingly to imparting conceptual skills.

(c) All civil servants who come into contact with the Public should be given training in Public relations.

**Training Division:** (a) Training Division proposed to be set up the Central Government should be established with all its speed.

(b) It should be a part of the Central Personnel Agency.

**Training Cells:** States and Departments of the Central Government should set up cells exclusively devoted to training and put them directly under the charge of the Chief Secretary or the Head of the Department.

**Post-entry Training :** (a) Institutional Training facilities should be provided for the higher technical services, as also for the new All-India and Central Class I Services, that are being created in order to provide a foundational course on the lines of the National Academy of Administration, Mussoori.

(b) The National Academy of Administration should be provide only the foundational course common to all-non-technical class I Services. Each class I Service should set up its own training institution. The professional training for the Indian Administrative Service

should also be conducted at a separate institution.

(c) 'Foundational' type post-entry training courses should be given to all direct recruits to the class II Services.

(d) The facilities of the Secretariat Training School should be expanded and similar institutions should be set up in areas which have large concentration of Central Government Offices.

**Common Training Institutions :** Where conditions do not justify for States in establishing their own training institutions, neighbouring States should come together to establish common institutions. The Training Division should actively promote this.

**Field Training :** (i) Field training is a very important part of all training programmes. New recruits should be attached for field training to experienced and competent officers, who should be given guidelines on training and can afford enough time to attend to the trainees.

(ii) To achieve the best results, the training institutions should be closely associated with field training.

(iii) For the I.A.S. the field training should be sandwiched between two spells of institutional training at the Academy. Similar arrangements should be developed, wherever possible, for all the other superior services at the Centre and in the States.

**Weeding out the Probationers :** (a) Greater care than hitherto, should be exercised in weeding out unsuitable candidates during the probationary period.

(b) The Training Division and the Training Cells should lay down a procedure for evaluation of probationers at all levels.

(c) The probationer should be assessed on the basis of departmental examinations and his performance in the field, as evaluated by all the officers responsible for the training, including the head of the training institution.

(d) A probationer should be allowed not more than two chances for passing the departmental examination. Failure to pass the departmental examination should entail discharge from service.

**Language Examinations .** (a) (i) A probationer should not be confirmed till he has passed the prescribed language examination.

(ii) A system of graded examinations in all the regional languages should be instituted and candidates should be given monetary incentives to pass these examinations in the language of the region to which they are assigned, unless it happens to be their mother-tongue. Arrangements for teaching of regional languages at the training institutions should be improved.

(b) Facilities and monetary incentives should be provided to enable the members of the class I and All-



India Services to gain proficiency in language of the border and trans-border areas. For this purpose greater use should be made of the School of Foreign Languages.

**Mid-Career Training :** (i) All civil servants should be trained for improving their performance and for assuming higher responsibility.

(ii) This training should be carried out at the training institutions of the various services and also by conducting short courses in the departments.

(iii) For class I officers, refresher courses should be compulsory after 5-7 years of services.

**Staff Training :** The existing practice of bringing the officers of the I.A.S. and Central Services class I as Under Secretaries in the Central Secretariat should be discontinued. These officers should be brought into the Central Secretariat only at the level of Deputy Secretary and above after a strict selection and specific training.

**Staff College :** (i) A Civil Service Staff College should be established for training officers for "Staff appointments".

(ii) Entry into the Staff College should be by competition amongst officers for all class I Services having not less than nine and not more than twelve year's service.

(iii) Promotees to class I will be eligible for the examination between the sixth and eighth years of class I service.

**Staff appointments :** (i) Staff appointments should, as a rule, go only to those who have qualified at the Staff College.

(ii) After a tenure in the Secretariat, the field postings of those in the Staff College should be so

designed as to equip them for higher staff responsibilities.

**Training in Managements :** Senior Deputy Secretaries, junior joint secretaries and equivalent officers in the field organisations should be given higher management training in the Administrative Staff College and the Management Institutes.

**Liberalisation of Study Leave Rules :** Study Leave Rules should be liberalized to induce civil servants to take advantage of them.

**Followships in Indian Universities :** Followships should be instituted by Government in Indian Universities for research in social sciences and technical subjects by selected civil servants.

**Attachment to Industry :** Exchange of personnel between Government and industry would be of considerable advantage. To begin with, a few officers may be deputed to organisations of industry and trade. Similarly, Managers in private industries may be brought into organisations like the Planning Commission.

**Training Programmes :** There must be a well-considered and wide-based programmes of training at all levels.

**Resources for Training :** Adequate resources must be allocated for creating the required training facilities.

**Training Reserve :** An adequate training reserve must be provided in all sizable organisations and it should be ensured that it is utilized for the purpose for which it is meant. The Training Division and Training Cells should keep the position under constant review.

## **SPECIAL WORKING GROUP ON FINANCING OF INDUSTRIAL COOPERATIVES BY COOPERATIVE BANKS, 1966—REPORT**

Delhi, Manager of Publications, 1967. 59p.

**Chairman :** Shri K.V. Venkatachalam.

**Members :** Shri A.C. Bandopadhyaya; Chief Officer, Agricultural Credit Department, Reserve Bank of India, Bombay; Registrar of Coop. Societies, Government of Maharashtra; Managing Director, Bihar State Cooperative Bank; Shri K. Balakrishnan Marar.

**Secretary :** Shri L.N. Renu.

### **APPOINTMENT**

A meeting presided over by the Minister of Industry, Shri D. Sanjivayya, was held on the June, 17, 1966 to consider the possibilities of cooperative banks financing industries. At this meeting it was decided that a Working Group be set up to go into the various aspects

of this question in the light of the suggestions which emerged at the aforesaid meeting. A Working Group was, accordingly, set up by the Ministry of Industry on June 17, 1956.

## TERMS OF REFERENCE

(i) To suggest a programme of action for the co-operative banks to expand their finance for industrial purposes;

(ii) To examine the pattern of State aid to co-operative banks for this purpose; and

(iii) To examine possibilities of extension of facilities under Section 17 (2) (bb) of the Reserve Bank of India Act.

## CONTENTS

Introduction Present Position; State and Central Cooperative Banks; State Governments; Government of India; Reserve Bank of India; Primary Cooperative Banks and Primary Cooperative Societies; State Bank of India; Summary of Recommendations; Appendices from I to VI.

## RECOMMENDATIONS

### Measures By State And Central Cooperative Banks

The recommendations made by the First and Second Working Groups on Industrial Cooperatives still hold good. It is the duty of the Cooperative Banks to finance not only the agricultural but the non-agricultural sector as well including the industrial. They should, therefore, decide to give due priority to the demands of the industrial sector. In order to do so more effectively, they should, take the following steps with a sense of urgency.

(i) **Earmark Separate Funds.** A portion of their funds should be earmarked for industrial purposes in their annual budgets and programmes. The percentage may vary. It may be about 2 per cent of their total advances in some cases and upto 5 per cent or more in some others cases.

(ii) **Set up Industrial Wings :** A special wing should be created for looking after industrial finance. It should be headed by a Cost Accountant in a State Cooperative Bank and by a Deputy Manager or Deputy Secretary, who again should have cost accounting knowledge in a Central Cooperative Bank.

(iii) **Create special bad debt fund :** A special bad debt fund should be created as a safeguard against unforeseen losses on this account.

(iv) **Set up Industrial Sub-Committee :** An industrial Sub-Committee adequate powers should be constituted to deal with matters relating to industrial finance.

(v) **Include industrial representative on Board :** A

Representative of the Industrial Cooperatives should invariably be included in the Board of Management.

(vi) **Type of Accommodation :** Clean accommodation to Industrial Cooperative Societies to the extent of their owned funds, accommodation against the security of fixed assets and against a floating charge on assets where necessary, facilities for discounting of bills, issue of letters of credit and other facilities which commercial banks normally extend to their clients should be extended to industrial cooperative societies by the Cooperative Banks.

(vii) **Use Credit Guarantee Scheme :** The Cooperative Banks should increasingly get all their advances for industrial purposes guaranteed under the Credit Guarantee Schemes which is being operated by the Government of India through the Reserve Bank of India. This should be done not only for advances to Industrial Cooperative Societies but also those processing cooperatives which fall within the definition of Small Scale Industries and for advances to small industrial units and rural artisans by Primary Cooperative Banks and Primary Credit Societies.

### Measures By State Government

It is necessary that an active programme is adopted by State Governments, who should give the programme the priority due to it and find out ways and means of making proportionate funds available for it under their annual budgets. Some of the steps in this direction would be :

(i) **Grants for staff of industrial wings of Banks :** An initial provision may be found by the State Governments by necessary re-adjustment in their current year's budget, for grants for staff of special wings for industrial finance to be set up by a few cooperative banks. In subsequent years the State Government may earmark funds to assist an additional not less than 20 per cent of the banks every year so that within a period of about 5 years or so all those banks that can handle industrial finance are assisted.

(ii) **Loans to cooperative banks :** As far as loans are concerned, provision may also be made for funds to be placed at the disposal of the cooperative banks to the extent of about 10 per cent of the provisions under block loans available to them in the current budget or such other finances as may be decided upon in consultation with the Registrar of Cooperative Societies, in the form of long-term deposits or loans and not merely routing the funds through the cooperative banks. As far as the provision of loans or deposits during subsequent years is concerned, this may be fixed on the basis of an expansion by 20 per cent over the previous year's advances by the banks.

(iii) **Use power to nominate Industrial Representative**

on banks's board : In the case of those banks that fail to voluntarily appoint a representative of Industrial Cooperative Societies on the Board of Directors, the State Governments may make use of their powers, if available to them under their Cooperative Acts, to nominate a representative themselves.

(iv) Set up teams to prepare programmes : Early action may also be taken by State Governments in collaboration with the Reserve Bank of India to appoint teams for preparation of specific programmes as suggested by the Second Working Group on Industrial Cooperatives. These teams should examine the position of the areas which have concentration of industrial cooperatives and where intensive efforts should be made initially. They should review the position of the cooperative banks also periodically and indicate the banks to be selected each year for Government grants and subsidies. They should also indicate the amounts that each bank would be expected to invest in industrial finance and the support that it should receive by way of Government loans or deposits for this purpose.

#### Measures By Central Government

(i) The Central Government has not till now taken direct part in this programme. It is time that it should involve a programme of its own and takes the lead by providing funds for key staff and basic capital to the State and selected Central Cooperative Banks as a catalytic agent. It could do so through the agency of the National Federation of Industrial Cooperatives.

(ii) Provide Funds for Industrial Wings of State Cooperative Banks : The Centre should, particularly, take over the programme for providing assistance to State Cooperative Banks for setting up their industrial wings. The Central Government may provide grants through the National Federation of Industrial Cooperatives for appointment of Cost Accountants by these banks.

(iii) Participation in Share Capital of Banks : Experience has shown that the agricultural credit activities of the cooperative banks received and added stimulus when Government started participating in their share capital. A similar stimulus is required to force the pace towards industrial financing. In order to give the banks support in the shape of basic capital, the Central Government may purchase shares of the State Cooperative Banks and selected Central Cooperative Banks to the extent of one per cent of third paid-up capital or place adequate funds at the disposal of the National Federation of Industrial Cooperatives for this purpose.

(iv) Make viability studies : There is a need for viability studies to be made of cooperative societies in different industries in order to create confidence amongst cooperative banks. The agency of the technical officers

available with the State Governments and different Boards and Commission may be utilised for this purpose and a suitable programme be launched.

#### Measures By Reserve Bank Of India

The groups and sub groups of industries in which cooperatives are being formed are numerous and it would be difficult to find any one of them large enough to qualify for separate limits. Moreover, there are strong and weak societies in each industry group or sub-group. It would be a pity if the good societies do not receive adequate support because there are a number of weak societies in that group. The number of good societies in all the industries taken together would be large enough to form a block to qualify for a credit limit under the section.

Make resources available to Cooperative Banks for industrial finance : If it is desired that the cooperative banks should meet the legitimate demands of cooperative societies in different sectors instead of concentrating their efforts on agricultural credit alone, the lead would have to come from the Reserve Bank of India itself which in that case should make available to them resources for not one or two activities alone but for a wider field of activities. A wider interpretation will have to be made of section 17 (2)(bb) so that the cooperative banks are reimbursed for advances made by them to Industrial Cooperative Society irrespective of the industry group to which they belong.

#### Guarantee Schemes

Considering the different aspects of the guarantee scheme it would be desirable that—

(i) Make Increasing use of Credit guarantee Scheme : Cooperative Banks should make an increasing use of the Credit Guarantee Scheme for Small Scale Industries. Meanwhile steps to get the scheme modified to suit the requirements of the different types of cooperatives in the industrial sector may be expedited.

(ii) Operation of 90 per cent guarantee scheme : During the interim period it may be necessary to keep the second 90 per cent guarantee scheme which is meant for all industrial cooperative. Meanwhile the cooperative banks in those States where it has been introduced may study the comparative benefits of this and the credit guarantee schemes and, if they find that they could do without the former, it may be withdrawn.

(iii) Duration of handloom guarantee schemes : It would be for the Reserve Bank of India to decide how long handloom finance should be covered by a 90 per cent guarantee schemes. Upto the time, however, the 90 per cent guarantee scheme remains operative for handloom. Finance benefit may be allowed under it for payments on default instead of payments against losses.

(iv) Avoid delay in issue of guarantee under Section 17 (2)(bb) : The State Governments may take early steps to evolve a suitable procedure to avoid delay in issue of guarantees for advances under section 17 (2)(bb). The attempt should be to issue the guarantees in the beginning of a financial year and, if possible, in April each year.

#### Primary Cooperative Banks And Credit Societies

The Primary Cooperative Banks and the Primary Credit Societies would be a suitable agency to finance small industrialists, craftsmen and rural artisans. It would be possible for them to take the following steps :

(a) Expand Industrial Advances : The Primary Cooperative Banks should expand their advances to their members for industrial purposes and with this end in view earmark separate funds for industrial purpose in their annual budgets and programmes. The percentage may vary depending upon the concentration of industrial units in the area of operation of the banks.

(b) Finance Industrial Cooperatives : The Primary Cooperative Banks may be utilized as an agency to finance industrial cooperative societies till the Central Cooperative Banks concerned takes up their financing.

(c) State participation : The recommendations regarding the State participation in the share capital of these banks made by the Second Working Group on Industrial Cooperatives and the Study Group on Credit

Co-operatives in the Non-agricultural sector should be implemented by the Government.

(d) Finance rural artisans : Steps may also be taken to ensure that primary cooperative societies finance rural artisans as recommended by the Rural Credit Survey Report and the Second Working Group on Industrial Cooperatives.

#### Measures By State Bank Of India

(i) The State Bank of India should be encouraged to finance industrial cooperatives in those areas where cooperative banks are weak. If the Reserve Bank of India fails to place the cooperative banks in funds under Section 17(2)(bb), the services of the State Bank of India may have to be deployed in the other areas also. It can, in that eventuality, either finance the industrial cooperatives directly or place funds at the disposal of the cooperative banks for disbursement to industrial cooperatives as is being done in the case of marketing and processing societies.

(ii) Participation Arrangements With Primary Cooperative Banks : Where the State or Central Cooperative Banks do not agree to a participation arrangement under the Credit Guarantee Scheme with those Primary Cooperative Banks that are not licensed under the Banking Laws (Application to Cooperative Societies) Act, 1965 the State Bank of India may do so till they are licensed.

## ADMINISTRATIVE REFORMS COMMISSION, STUDY TEAM ON PERSONNEL ADMINISTRATION, 1966—REPORT

### On Personnel Planning, Staffing of Public Sector Undertakings and Personnel Management.

New Delhi, Administrative Reforms Commission, 1967. XC III+529p.

Chairman : Shri R.K. Patil.

Members : Dr. K.S. Basu ; Shri G. Jagathpathi ; Shri  
M.K. Mathulla ; Shri K.R.K. Menon ;  
Shri M.S. Rao.

Secretary : Dr. B.D. Sharma.

#### APPOINTMENT

The Study Team on Personnel Planning, Staffing of  
Public Sector Undertakings, and Personnel Management

was appointed by the Administrative Reforms Commission on June 23, 1966.

#### TERMS OF REFERENCE

Examining the field of Personnel Administration, excluding some specific items—Recruitment, training, PSCs, promotion and morale; and for a thorough examination of the present functions of the Central Government with a view to their rationalisation and

limiting the personnel to the bare minimum.

## CONTENTS

Part I : Introduction ; Growth of Personnel ; Personnel Structure and Staffing ; Personnel Management and Development ; Personnel Agencies ; Political Executive and Personnel Administration ; Part II : Staffing of Public Sector Enterprises ; Method of our Work ; Summary of Recommendations ; Annexures I to 7 (i) ; List of Abbreviations.

## RECOMMENDATIONS

### Growth Of Personnel

The availability of suitable personnel should be considered the most important determining factor for any new policy of programme and the availability of personnel should not be taken for granted.

It is extremely difficult to dissolve a unit once it comes into existence ; it is their existence that should be prevented in the interest of economy and enlightend administration.

Before a new scheme or the creation of a new agency or the expansion or extension of an existing agency is agreed to, the following considerations should be borne in mind and rigidly applied :

(i) If the proposal relates to field functions ; Government should ensure that the alternative of entrusting the functions to the concerned departments in State Governments and Union Territories is either undesirable or impracticable. The views of the State Governments on such proposals may also be obtained ;

(ii) There should be a clear determination that neither in any other department of Government nor in any organisation financed by the Government are similar functions currently being performed.

(iii) That the special interests of a department cannot be effectively served by an existing organisation dealing with the total problem should not be considered as an adequate justification ;

(iv) Differences in scope or coverage should also not be taken as a sufficient ground for a new agency ;

(v) When new functions result from the centralisation of certain powers in a department, the alternative of delegating those powers to lower levels should be explored ; and

(vi) "Nuclear" starts should not be agreed to unless the long-term financial and administrative implications are clearly worked out and examined.

There should be no blurring of field responsibilities with policy-making responsibilities ; State administrations and district administrations should be strengthened.

State Governments should also examine as to how much of the work at present done at the level of the

State Secretariat can be transferred to lower levels.

The Staff Inspection Unit should concern themselves with the evolution of work standards and practical methods of job evaluation for aspects of governmental work common to most organizations, specially for class III and class IV personnel.

The decision to grant exemption from inspection by the Staff Inspection Unit be taken only at a high enough level.

The O & M Organisation, in its present form, should be abolished. The personnel in the O & M Organisation, should be transferred to the Staff Inspection Unit for the task of evolving work standards in the shortest possible time.

Government should announce its firm determination to :

(i) Find out the degree of redundancy in organisation and personnel ; and

(ii) Prune the machinery where redundancy is proved or where results do not justify the expenditure.

The present administrative organisation of the Government of India should be examined in two parts :

(i) An examination of the justification of each functional unit or group of allied activities in the Central Government on considerations of the priorities before the country and location of points of duplication and over-centralisation, etc.

(ii) A detailed examination of the staff allotted to the units which are certified as necessary.

A High-power Commission should be specially constituted for the first part. It should consist of : (i) two non-officials having considerable administrative experience such as a Chief Minister of State or a Cabinet Minister of the Central Government ; and (ii) a civil servant with wide experience both in the Central and State Governments, such as a Chief Secretary. This examination should be completed within a year.

Similar commissions should be set-up every tenth year or so.

The detailed examination should be carried out by the Staff Inspection Unit, to be completed within three years.

The administrative Reforms Department and the Staff Inspection Unit should be amalgamated.

The State Governments should also set-up a unified organisation for administrative reforms and for the improvement of administrative efficiency.

### Personnel Structure And Staffing

We cannot be dogmatic about unrestricted lateral entry at all levels in all professional groups nor can we afford to restrict entry at the very low levels. The same policy cannot be advocated for all sectors of Government activity. A continuous appraisal of the

system is needed so that the personnel structure is always in consonance with the State of the economy.

In the traditional sector, the multiple lateral entry system at a small number of points appears to be adequate and should continue.

In the new sector of science and technology, a larger number of entry points are in evidence. In those sectors of Government activity where a homogeneous nationwide employment market is in evidence, lateral entry at more points should be provided. In such cases the highest and the second highest posts in the department should not be included in the corresponding cadre. Such posts should be filled on the basis of open advertisement and recruitment.

The Central Personnel Agency should determine from time to time as in which departments and specialities homogeneous skill markets are developing.

If a Government organisation begins to experience a turn-over of more than some pre-determined proportion of its annual intake, a review of its personnel structure should be undertaken.

A comparison of the two concepts—service concept and position classification—shows that the basic principles underlying both of them are the same. So far as the classification of positions as such is concerned, the service concept is more refined. The position of classification, however, excels the service concept in its refinement of measurement techniques. The basic personnel structure, as it prevails in India at present, is sound. The service concept, however, be dovetailed into a system that precision in job evaluation.

There are certain levels and certain points where no mechanical criteria of classification can be applied, and some superior services are bound to be based on the career concept in which an individual carries with him his pay and status. Even at higher levels, however, where qualification is possible, as many categories as possible, should be covered by position classification.

Various cadres should be built up which not only meet immediate needs but are also flexible enough to meet the ever-increasing and diverse demands of the complex socio-economic situation.

Cadre concepts developed for the superior services have also been applied to lower positions. This extension of concepts and procedures which were suited to higher positions has not proved successful in relation to the personnel problems of a large number of repetitive jobs requiring, more or less, measurable skills. The position classification concept should also be pressed into service as early as possible at those levels.

The social and economic context, the administrative system as a whole and historical factors determine the kind of senior civil service that a country has. Not only do the original considerations for which the Indian

Administrative Service was set up in the beginning hold good even to day but they apply with even greater force in some respects. There are also some additional reasons like: (i) the emergence of a new tier of representative Government which makes it necessary that a service structure like the Indian Administrative Service permeating all the three tiers of Government which provides a uniform administrative base, an easy communication system without problems of distorted perception and allows for the natural development of personnel at the higher levels, should continue for the foreseeable future; and (ii) The hardening of the dualistic character of the social structure requires built-in provision in service structure so that officers work in rural areas and nearer to the people for some time during their formative years.

A number of Special Police Forces directly under the Central Government, which are not territorial in character like the traditional police force, may introduce a different concept in the basic composition of the Indian Police Service. Government should examine the problem of manning the superior positions in these forces keeping in view the Indian character of the Indian Police Service.

The formation of All-India Services in more fields, is in the interest of the country as a whole.

The decision to constitute a service should be taken after full consideration of its feasibility and of the operational side of cadre management. It appears that a decision to form some of the All-India services may not have been backed by a full examination of the problem. Government should examine each proposal in the light of observations made in paras 3.76 to 3.87 before taking further steps to constitute these Services. There are some fields where structures have to be more position-oriented than in a well-organised service structure.

In the State-allotment rule of the All-India Service officers, a further condition should be introduced that not more than 50 per cent of vacancies in any Zone should go to candidates from that Zone.

With the emergence of identifiable groups of positions in any field or specially, service cadres, where viable, should be formed.

A cadre should neither be too small nor too large, particularly, it should not be too small.

Small cadres should be specially avoided in regulatory departments. In cases such services are formed for other pressing reasons, the position of heads and joint heads of departments should not be included in the cadre.

Persons from existing services, working in the relevant specialities, should be seconded to the new service so that steep promotions are avoided and new

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units start on a sound base. It is not possible to make such a fine distinction in the levels of responsibility corresponding to junior class I and senior class II positions. The services should be restructured by either abolishing one of them or, if there is one more identifiable level of responsibility, by establishing distinct grades with reasonable differences in emoluments.

A grade only for training purposes results in unnecessary confusion. Recruits selected for higher jobs should be placed in a lower scale during the training period who may move upto one or two levels after a stipulated time.

In the secretariat more levels of responsibility between LDC and S.Os should be distinguished and structures suitably changed.

In cases where skills are measurable, a policy of recognising different levels of skills and paying for them should be adopted.

Supporting services should stay as supporting services and procedures or practices should not, as a matter of course, provide for promotion to levels or positions for which they were never intended. For outstanding men, however, special opportunities should be provided for proving their competence and for moving upwards.

For the purposes of managing the Central Secretariat Service at S.O. and Assistant levels, the ministries should be so grouped as to make the sub-cadres comparable in size. The grouping should be on a functional basis.

A review of recruitment rules of those Central Services which have a functional counterparts in States should be immediately undertaken and provisions for lateral entry, if necessary, at levels higher than the lowest entry points, may be made indicating also the appropriate selection method in each case.

Positions in the State Services should be so reclassified that levels of responsibility between class II position and senior class I position are distinguished. An intermediate scale of Rs. 700—1200 or some similar scale may be inter-posed between the present State Civil Service scale and the senior IAS scale. A similar examination should also be made of other services including the police and technical departments.

State Civil Service officers who constitute high quality personnel group with field experience should be posted as under Secretaries in Central Government, in the ministries dealing with general administration and welfare subjects. Officers from other State Services should also be drafted to appropriate ministries.

Zila Parishads and Panchayats Samitis should draw upon State Services for class I and class II pos's. These positions should be included in appropriate cadres, i.e. :

(a) Class II Services under Zila Parishads and Panchayat Samitis should be built on the same pattern in States as the All India Services at the Union level. An Extension Service is class III in each of the specialities should be constituted comprising, if necessary, a number of sub-cadres which may be district-based or division-based.

(b) Those in the highest grades in class III should be eligible for promotion to corresponding class II State Services. The Panchayat Samiti Service should be treated on par for this purpose with service under government.

(c) The State Government should exercise all disciplinary powers in respect of class I and class II services. The Chief Executive Officer of Zila Parishad should be vested with all disciplinary powers in respect of class III Services.

(d) Class IV staff should be appointed by the local bodies and the Chief Executive Officer in each case should have all the powers of recruitment, appointment and disciplinary control.

In procedural terms, the administrative process has three aspects : (i) a memory function, (ii) "consideration" or 'examination' function, and (iii) The policy formation and decision-making functions. The basic approach to the personnel policy should take into account this differentiation and should be functional.

The scheme of staffing higher positions in Government of India has come to be one in the nature of being a permissive provision for the utilisation of such manpower resources as are available. The principles implicit in the scheme should be made operationally effective.

The principle of proportional representation in a Pool (or cadre) of vital posts in the country's administrative structure is extremely dangerous, both in terms of the entry level and in terms of the kind of administrative experience gained; services differ extremely widely and the qualities necessary to hold high level positions would not be developed uniformly in all services. The only basis for selection should be ability and experience.

A unified service in any of the possible forms described in para 3.131 to 3.147 is neither feasible nor desirable in our administrative situation. Such a scheme ignores many important pre-requisites for a sound personnel policy and makes a number of presumptions not necessarily valid, without explicitly stating them.

The requirements of higher positions in the secretariat can also not met exclusively by officers belonging to the corresponding departments.

The controversy that continues to rage between the so-called 'specialist' and the so-called 'generalist', is completely barren. The time has come for us to rise above the rather narrow range of this controversy and



look at the overall situation.

(i) The primary objective of different services and Cadres should be to develop personnel for normal jobs in the speciality concerned; they should also develop some of their members for related functions in other organisations;

(ii) A special cadre of officers is necessary for the group of positions which strictly do not form part of a specific functional group and are located in all three tiers of Government.

In view of the distinct requirements at the consideration and policy formation levels, (as given in paragraphs 3.154 to 3.156), there should be distinct approaches for the manning of these two levels. The more important differences are that the consideration levels require a more specialist knowledge and a greater interchange between departments and the secretariat than the policy formulation levels. At policy formulation levels, there is greater need for wider experience, sympathetic understanding of conditions in the field and awareness of the total social dynamics.

A scheme of staffing for consideration levels should incorporate :

- (i) An examination of the current duties;
- (ii) Their broad grouping with reference to the basic requirement;
- (iii) Selection of persons with adequate experience of working at equivalent levels by cadre authorities;
- (iv) Training of selected persons in a suitable institution;
- (v) A tenure of five years, no assignments outside parent cadres to be allowed before a period equivalent to that spent outside;
- (vi) The release of selected officers to be automatically effected.

The public undertakings should also be considered as sources of such personnel.

The process of development of personnel for policy formulation should include :

- (i) A determination of the broad professional fields;
- (ii) A determination of prima facie eligibility of various services and cadres for each professional field;
- (iii) Laying down conditions of eligibility for consideration, discontinuing the rule of thumb of comparing the years of allotment of different services. Officers having put in a minimum period at comparable responsible levels to be considered eligible;
- (iv) A quinquennial determination of requirements by a Special Committee [as in para 3.164 (vi)]
- (v) A preliminary selection from those considered fit for promotion in their own cadre to a grade next higher than the grade equivalent to the upper consideration levels. Substantive assignments in their own professional field but different from the normal run.

Final selection to be after successful completion of this assignment.

(vi) Formulation of courses of training; and

(vii) Refresher courses of 2-3 month's duration every five years

A permanent personnel structure should be built up only in research or executive organisations. As a matter of rule, there should be no such structure for advisory organisations.

There should be constant interchange between the "field" and the "advisory" organisations at various levels.

The pressures from the permanent part should not be allowed to result in the organisation existing for the nucleus rather than in the nucleus for the organisation. Adequate development opportunities for the permanent component should, however, be built up. A certain percentage of posts at the next higher level may be reserved for them, but movement to still higher level must be extremely limited.

A systematic and planned approach on a continuing basis of the personnel needs of such bodies should be done by a body like the U.S.S.C. or the C.P.A.

The broad professional groups for which personnel should be developed are :

- (i) Personal and Manpower;
- (ii) Economic Administration (including Planning)
- (iii) Financial Administration;
- (iv) Agricultural Administration;
- (v) Industrial Administration;
- (vi) Social and Educational Administration;
- (vii) Internal Security and Defence; and
- (viii) General Administration.

The Central Administrative Pool or any other pool modelled on that pattern will not be of much use in our context.

Recruitment on a regular basis to unspecified positions is not correct. For isolated posts which cannot be provided for by any specific cadre, qualified persons should be recruited on ad-hoc basis and employed on a contract basis for specific period. The contract may be reviewed, if necessary, in the public interest.

Secretariat department and executive department should be independent administrative units. However—

(i) The head of department should be given appropriate secretariat status :

(ii) Proposals from the head of department should be considered at a high enough level ;

(iii) There should be maximum delegation of powers; and

(iv) The head of department should be given adequate staff assistance for personnel, financial and similar other matters.

The proposal for a secretariat service for consi-

deration levels is unrealistic and cannot be seriously viewed.

Direct recruitment at the Section Officer's level is incongruous and may be stopped.

The supportive role of the secretariat services as envisaged at present is correct. These services cannot be considered to form a nucleus of upper consideration and policy formation levels.

The Central Personnel Agency should evolve methods whereby basic requirements for manning superior positions are required to be satisfied before appointments from various sources are made.

The present position of 50 per cent positions at the Under Secretary's level and some 45 per cent positions at the Deputy Secretary's level, in Secretariat service cadre is adequate. There is no case for any upward revision. The temporary imbalance which has occurred in the last few years should be corrected urgently.

#### Personnel Management And Development

The first basic requirement of a personnel structure is quantitative adequacy. Our recruitment policy should be moulded in such a way that, without compromising quality, the services not the best available talent, the field of choice is not restricted, implicitly or explicitly, and the base of recruitment is strengthened.

The Government, in consultation with the Union Public Service Commission should evolve a scheme of examination for the higher services on the model suggested in para 4.11. It should be in two parts: the first part should not be the meritorious and the second part should prepare him to be a member of a National Civil Service.

For technical services, a scheme should be devised which satisfies two conditions; a simple examination not requiring long preparation and a minimum time-lag between the university examination and the offer of appointment. Suitable tests should be developed by the U.P.S.C. and a start should be made immediately.

The Union Public Service Commission replace the essay type examination for lower posts by modern tests.

The fixation of the strength of a particular cadre should not be an isolated operation.

Proposals for expansion (or reduction) should be based on an overall view of the relevant cadres. The present rate of recruitment to the IAS is rather high.

Deputation reserves of reasonable proportions should be built into every service or cadre whose study shows that deputation demands on it are considerable. The Central Personnel Agency should not treat any cadre as viable unless all these reserves have been properly incorporated. As a matter of general policy, the

Central Personnel Agency should discourage deputations from inadequately manned cadres.

In some cases cadre gaps are not being filled on a planned basis. If and when there is such a feeling of dilution of quality, a Central Agency (the Central Personnel Agency or the Union Public Service Commission) should assess the intake requirements of all the different cadres drawing from a common source and, a prorata cut may be made for all services rather than that each cadre authority be the sole judge of desirability or otherwise of reducing or increasing the intake.

Every regularly constituted service or cadre should have a Cadre Management Committee. This Committee should undertake an exhaustive review of the cadre every five years subject to a mid-term review.

These reviews should be formally drawn up in the form of reports.

Every cadre or service must have an internal quantitative balance. The internal balance should be determined with reference to the one (or two at the most) levels at which most officers of the cadre will spend most of their careers. The recognition of the normal level of a cadre should be realistic. Where the normal level is junior class I, different kinds of cadres should be evolved.

As a matter of general policy, the levels of entry should be fixed that there is no direct recruitment at two consecutive levels.

The pattern of promotion as in the I.A.S. should be followed, as a rule, for promotions from class II to class I unless there are very special grounds for a contrary practice.

Cadre management authorities should get initially the right decision regarding proportions of direct recruitment, promotion, etc., and thereafter, on maintaining them.

Cadre authorities should avoid sharp fluctuating in the promotion figures and the figures should be steady subject to variation of 25 per cent either way. Sudden addition of vacancies should be spread over a period of 3 to 5 years and should be fixed.

In consultation with the Union Public Service Commission and the cadre management authorities, a regular roster for the Developmental Promotion Committees should be prepared.

At the present moment, concern with the quality of personnel in public administration is not either very active or persistent. Such concern should exist and that the approach to problems of quality be systematic.

The best men in each field of specialisation should have the same initial start under Government; the average prospects, however, depend on many variables.

A career time-scale is one of the pre-requisites for a contented civil service. The mid-point of the scale

should be treated as the real point of comparison, and it has to be assumed that in the early years of his life, the individual is being paid less than what that jobs costs and in the latter half he is being compensated.

The remuneration should be related to :

- (i) The basic educational requirement ;
- (ii) Levels of proficiency requirements within each group ;
- (iii) Levels of responsibility; and
- (iv) Service conditions.

Salary scales may be so designed that the mean of the higher scale is about 15-20 per cent more than the mean of the next lower scale. The time scale may be about 18 year's long and the increments may be so adjusted that the financial salary in any scale is about twice the initial salary. In this connection the points given below should be considered :

(a) The principle of equal pay for equal work may be recognised for the entire country—for both the Central and the State Governments and even local bodies ; and

(b) As many variable co-efficients of a job situation as possible should be standardised like regional component based on the regional cost of living, a 'locational component' on the basis of the population and other criteria.

Sectoral approaches to the problem of emoluments disturb the balance. Before taking up revision of emoluments in a sector on the ground that certain other sectors are getting more, first the relativity with the lower levels and with other Government sectors placed less favourably should be compared and seen whether the net result would be greater imbalanced.

A pay and Allowances Division should be established in the Central Personnel Agency. The Pay Research Unit in the Ministry of Finance should be transferred to the Central Personnel Agency and form the nucleus of this Division.

A Pay Commission should be appointed every ten years. No Pay Commission should be saddled with the responsibility of reaching down to very great details. A number of key issues should be framed and the well-considered opinions of the Pay Commission on them should be obtained ; the rest of the work should be dealt with in the Pay and Allowances Division.

Pay Commission's views should also be useful in a broad indicative sense to State Governments as well. The Personnel Departments of State Governments should take follow up action.

Subject to evolving an appropriate national pay policy, Government should enforce a maximum differential of twenty five times between the lowest and the highest all over the country within a reasonable time.

A national minimum of Rs 75 p.m. should be

accepted, and in the first instance, the highest salaries be brought down to Rs. 2,500 p.m. The ultimate aim should be to raise the minimum to Rs. 100 and bring down the maximum to Rs. 2,000.

The existing salary scales should be telescoped as such that the highest is brought down to Rs. 2,500 and the Rs. 200 point remains stationary. This scaling down should not await a complete redesign of salary structures.

The practice of misutilisation of high level personnel should be discontinued and higher posts properly valued in terms of actual responsibility.

Cadre structures should provide for all positions whether temporary or permanent.

For the purposes of seniority etc., there should be no distinction between persons appointed to permanent post. However, if there is a reduction in the strength of a service, those who are not permanent would go first, but should be given proportionate retirement benefits.

Except in those cases where an organisation or a post has been set up or created for performing a purely ad hoc function, any post which continues for more than one year should be treated as permanent.

The existing administrative rules regarding frequency and intensity of inspections should be re-examined and standards necessary in this context be fixed and strictly enforced.

Specific responsibility for each item to work should be fixed and delegation of powers should be maximised.

Inspection notes should highlight cases of failure in the exercises of delegated powers. Tendency to shirk responsibility or implicitly, should be noted in the annual confidential reports.

The hand of the immediate superior should be strengthened by giving authority to suspend the subordinates, subject, however, to review by the next higher authority within a fixed time.

The following powers relating to personnel below the rank of Joint Heads of Departments should be delegated to heads of departments :

(1) All appointments subject to consultation with the Public Service Commission ;

(2) Confirmation and declaration of quasi-permanency ;

(3) Postings and transfers ;

(4) Selections for training ;

(5) All promotions subject to the Departmental Promotion Committee ;

(6) Sanctioning of leave etc ; and

(7) Discipline, control and appeals.

Tenures should be relatively short in regulatory posts and should be long in posts connected with develop-

ment administration.

A systematic policy should be evolved for difficult areas and difficult postings.

All barriers which hinder the operation tenure system should be removed including :

(i) Rationalisation of emolument levels between the secretariat and field posts and also between the Central and State Government posts, and (ii) a rational valuation of responsibilities at higher levels i.e.—

(i) The tenure system should be rigidly enforced ; and

(ii) Officers must go back to the parent departments for a substantial length of time.

The placement of all the officers in the Central Secretariat should be reviewed forthwith. All those who have put in more than five years in any organisation should be shifted immediately to another organisation though it may be within the same professional group.

The personnel system should be so managed that always alternative arrangements are available and no one becomes indispensable.

Some services should be barred to women, whereas, in other services, the proportion should not exceed a pre-determined level.

Information should be regularly collected regarding the educational and other characteristics of personnel in the State sector.

Within three months of the end of the financial year, every department of Government—and every public undertaking—should bring out a report regarding personnel which should be transmitted to the manpower planners concerned.

Reasonable manpower reserves should be incorporated particularly in every cadre.

There should be properly staffed personnel planning units in the personnel offices of departments and ministries headed at the apex by the Central Personnel Agency.

A review of the manner in which various Units in Government have expanded over the last 10 years or so should be undertaken immediately.

The proposed broadening of the scope of the UPSC "interview board" scheme and making available details regarding suitable Indians abroad not only to purely Governmental organisations but also to State Governments, universities and public undertakings is a good step forward. A broader-based effort should be made to accelerate the return of large numbers of Indian talent abroad.

The present practice of framing of recruitment rules by the executive under Article 309 in consultation with the Commission may be continued indefinitely. The rules framed may, however, be placed before the Parliament.

(i) Adequate staff support should be provided to the Commission ; persons with wider experience in education, scientific research, practical administration in States should be brought to serve at a sufficiently high level specially in the unit dealing with recruitment and recruitment policy ;

(ii) The Research and Statistics Division of the Commission should be strengthened.

(iii) The Commission should bring out an annual publication highlighting the trends in the skill markets.

Public Service Commissions in the country, and the Union Public Service Commission in particular, should become leaders in modernising personnel selection and development practices. The Central Personnel Agency should undertake a more detailed study and in consultation with the U.P.S.C. evolve a detailed programme for future development.

(i) As formal training programmes cannot be a substitute of on-the-job training and daily work-experience, the Cadre Management Committees should ensure that well-considered on-the-job training programmes are drawn up for categories of personnel.

(ii) Training and building up of personnel should be an important part of the duties of senior officers.

Every encouragement and facility should be given for self-development. This should include :

(i) Liberal grant of leave for study ;

(ii) Facilities of leave for attending seminars and conferences ;

(iii) Encouragement of original work ;

(iv) Reimbursing part of expenditure on professional books and periodicals.

Senior persons in rapidly developing specialities should be sent out to a teaching or a research job, if necessary, on an exchange basis. The exact requirements in terms of skills, desirable, experience etc., for positions in different fields should be spelled out in detail and special programmes arranged for each group.

Special career development programmes as suggested in paras 4.127 to 4.132 should be drawn up by each cadre authority. The Central Personnel Agency should also help institute model career development programmes in small units.

### Personnel Agencies

A Central Personnel Agency be established. The general approach of the C.P.A. should be to concentrate on the development of proper personnel policies and practices and not burden itself with much too massive detailed control.

The following items relating to personnel deserve central attention and should be entrusted to the Central Personnel Agency.

- (i) Personnel policies ;
- (ii) Manpower planning ;
- (iii) Career Development ;
- (iv) Over-all aspects of Training ;
- (v) Service Rules ;
- (vi) Management of all-India and inter Ministry Services.

- (vii) Posting and key positions ;
- (viii) Welfare ;
- (ix) Research in Personnel Management and problems of Government.

The C.P.A. should provide leadership in personnel matters to the entire State Sector including State Governments and Public Sector Undertakings.

The Central Agency should be placed under the Ministry of Home Affairs. The setting up of this agency should be preceded by a very careful design of its structure and defining the precise skills required at various levels.

There need be no hurry in setting up all the wings of this Agency right at the start. The new functions should grow slowly after due experimentation.

A top man in personnel who should work as Adviser to the Government of India on personnel should be appointed immediately after a decision to constitute this Agency has been taken who should be associated from the very planning stage.

He should be assisted by a small Advisory Unit consisting of 5-6 experts in various branches of personnel administration. The function of the Advisory Unit should be essentially catalytic and experimental.

The specifications in respect of the Personnel Adviser to Government should be as in para 5.15.

Properly staffed personnel units should be established in every department. The level of the head of these units should not be more than one or two levels below the Chief Executive of the organisation. A Central Agency in each State should be established in every department. The level of the head of these units should not be more than one or two levels below the Chief Executive of the organisation.

A Central Agency in each State should be established which should be charged with the same functions as suggested by us for the Central Personnel Agency. It should be placed under the Chief Secretary. The Chief Secretary should be assisted in these functions by properly trained staff.

The Central Personnel Agency should develop a cadre of personnel specialists who should be adequately and comprehensively trained.

#### Political Executive And Personnel Administration

Integrity, austerity and hard work are expected from each individual but the standard of Expectation and

performance expected of him should be directly proportional to his position in life. There should be a single nomination to the post of Secretary, recommended by the Central Personnel Agency so as to eliminate all personal elements in the appointment. A written code defining the Political Executive-civil servant relationship in clear terms might be useful and may be tried at the lower levels of the administration. It is not likely to work at higher levels nor be conducive to the growth of harmonious relationship. Both the Political Executive and civil servant should clearly and sympathetically appreciate the role of the other and attempt at a maximum to accommodate each other's views.

On the part of the Political Executive there should be—

(a) A proper understanding of the administrative functions and recognition of its professional nature.

(b) As little interference as possible in Service matters e.g., posting, transfers, promotions, etc. Discouraging officers of the department to see him personally for redress of service grievances.

(c) No requests for departures from declared and approved policies to suit individual cases either as a result of political consideration which cannot be reduced to general principles of action.

#### On The Part Of The Services

(a) There must be a sincere and honest attempt to find out what the political head wants and make the necessary adjustment in policies and procedures to suit his wishes;

(b) A readiness to fall in with his political chief in all matters, unless strong grounds indicate a different course. In such a case if he is over-ruled in writing he should willingly carry out his orders.

The Chief Minister in the State and the Prime Minister at the Centre should be responsible to see that proper relationship between the Political Executive and the Civil Service Develops and continues to grow.

It should be open to either side, that is, the Political Executive or his Secretary to ask for a change. This option should be strictly limited to the level of Secretary.

The services and administrators should be reassured that no account will be taken of extraneous factors like caste, religion etc., in relation to service matters.

The services should be entirely free from casteism and regionalism.

Any provision of staff assistance by appointment of advisors and specialists should be within the framework of the Ministry. An Adviser should be the Adviser to Government and not to a particular Minister in his personal capacity. An Adviser, may have a direct approach to the Minister though in that case the Secre-

try should be kept informed of all the proposals and should have a right to give his opinion.

Programmes should be instituted for providing the Political Executive adequate background in administration and other matters which could be gone through in the normal course of their political life even before they are selected as Ministers. These programmes should either be under the aegis of the Parliament or some academic institutions.

#### Staffing Of Public Sector Enterprises

A separate approach towards the personnel problems of the 'profit-making' and 'non-profit' making organisations in the public sector is necessary in view of some basic differences between the two. Considerations which led to the creation of the Public Service Commissions are equally important for personnel management in the Quasi-Government Sectors though the institutional forms may be different.

The jurisdiction of the UPSC should be extended by an Act of Parliament, under Art. 321 of the Constitution so as to cover non-profit organisations in the public sector. The broad objective of this Act should be as given in para 7.10. A Special Committee should be constituted for the selection of the Chief Executives of public sector enterprises. It should have persons with experience of running Industrial and Commercial enterprises in addition to some Secretaries to Government. This Committee should prepare a panel of three names for each post and submit it to the Appointments Committee of the Cabinet, who may finally select one of them.

Successors for key positions should be chosen well in advance and a supernumerary post should be created for a period of three months during which the successor must work side by side with the incumbent as an understudying.

No officer should ordinarily be nominated to more than two Boards. For appointment of the members of the Board, a Committee consisting of the Secretary of the concerned ministry, Secretary incharge of Bureau of Public Enterprises and the Chief Executive of the concerned enterprise, should be constituted who should prepare a list of suitable persons and submit it to Government for final selection.

As a general rule, only senior officers of the rank of Joint Secretary or Additional Secretary, should be nominated to the Boards. No personnel policy, which bars a particular category of persons from being considered for top positions, would be in the best interests of the public sector. The principle of the best person available anywhere being appointed to such positions should be strictly applied.

The process of movement to the public undertakings

at higher levels from Government Service should be made irreversible. No one who is expected to serve for less than five years should be selected for these positions. The conditions and terms of service in the Government and in public undertakings may be suitably changed to facilitate this process. Appointments below the Board level should be left entirely to the Board.

As a matter of convention, second and third level appointments should be made only from panels evolved for these purposes by a Central authority. The selected persons should be formally appointed by the Board and not by any external body. The mechanism for preparation of panels should be as given in para 7.26. The Industrial Management Pool should be wound up. Government may fix up the present members of the pool in various enterprises, preferably on a permanent basis.

The introduction of the revised pool scheme would not be a desirable step. This scheme should not be forced on public enterprises.

The personnel needs of the growing public sector are so large that, at the middle management levels, it will be of advantage to draw upon the Government sector, the system, however, should be carefully planned and cautiously operated. As a rule officers taken in at these levels should be encouraged to opt permanently for service in the enterprise.

For exceptional positions it may be of advantage to have officers on the usual deputation terms but the period of deputation should not be less than 4-5 years.

Such advantages or benefits as would have been accepted to an officer in the parent department but for the deputation should be guaranteed to him to avoid abrupt break in deputation. The appointment of the Financial Adviser should be made by the Board itself, prior approval of Government may, however, be stipulated.

Public enterprises should make adequate provision in their personnel structures for such needs of Government as may arise from time to time.

There should be a regular programme for a number of officers from different fields specially in State Governments being taken into public enterprises for a limited period with a view to giving them varied experience.

The CAPSECS should assume a positive role in Personnel Planning, work out probable personnel requirements in key areas and at key levels in the light of likely expansion programmes.

Personnel Planning for normal operational phase should be attended to by each enterprise as part of a well thought out personnel management policy, i.e. :

(i) A programme of detailed job description, specification and classification should be taken up by the undertakings ;

(ii) Each organisation should prepare a manpower

inventory in usable form.

Enterprises should ensure the maximum possible objectivity in selection procedures and continuously examine the validity and reliability of the techniques employed.

Public enterprises should .

1. Co-ordinate their recruitment programmes at the junior executive levels ; and

2. Adopt an aggressive recruitment policy.

The practice of having State Government representatives on Selection Boards of public undertakings should be stopped; Selection Boards should be purely functional.

It should be made obligatory for Employment Exchanges to forward lists of suitable candidates within 15 days from the date of requisition ; a further time of 15 days may be allowed if reference to other Exchanges is necessary. Failing this they should be free to recruit from the open market.

The classification adopted by the Employment Exchanges should be constantly reviewed. To start with, industrial occupations should be classified in sufficient detail.

The officers-in-charge of Employment exchanges should be adequately qualified in psychology and vocational guidance. They should also be given intensive training in the various aspects of occupational classification.

The broad approach to training skilled workmen should be that viable enterprises should work out their own training programmes and the smaller enterprises should explore the possibility of thinking their training programmes with the bigger enterprises. The CAPSEC should co-ordinate these programmes. The establishment of training institutes for middle level personnel should also be on the same pattern.

For developing specialised skills : (i) Special courses should be devised ; (ii) refresher courses should be instituted with a view to introduce them to new ideas.

Special courses for middle management personnel should be worked out which give them a broader understanding of higher management problems. Appreciation courses and seminars for top management personnel, covering modern management techniques, should be arranged.

Each enterprise should have sound career development programmes. For each position at the top and the middle levels, two or more individuals should be earmarked sufficiently in advance and their career watched, planned and developed. Special attention should be paid to the career development of exceptional talent.

Performance norms should be prescribed for repetitive jobs. In case individual performance norms cannot be prescribed, group-performance norms should be worked out ;

(i) The HSL form of Confidential Reports may be adopted with suitable changes by Industrial Enterprises ;

(ii) The experience of different enterprises may be pooled through workshops of personnel officers under the aegis of the CAPSECS, i.e.—

(a) Report writing should be given the care it deserves ;

(b) The overall gradations should follow certain norms ; and

(c) The Chief Executive, assisted by a Committee, should undertake moderation of reports.

Criteria for promotion should be worked out for every level based on an appropriate combination of merit and seniority. The higher the levels, lesser should be the role of seniority. A minimum period of service should be prescribed in each grade for being eligible for promotion to the next higher position.

The scheme of selecting the best workers in an enterprise and giving cash awards and publicising their achievements should be adopted by all enterprises.

Each organisation should carefully consider all its individual departments and adopt suitable incentive schemes on an individual, group or organisational basis.

Special or difficult assignments should be given to selected individuals and their satisfactory performance should be specially recognised.

The provision of termination of service at three months' notice should be utilised with greater effectiveness.

Disciplinary procedures should be simplified and other automatic checks like stoppage of annual increment should be built-in to deal with cases of unsatisfactory performance.

The salary structure for high positions should be redesigned such as to enable outstanding persons to move some steps up in due course. Though no uniform pattern can be applied to the entire industrial field, a salary structure having more steps would be more useful.

A certain amount of flexibility in pay policies at the middle levels is desirable, suitable changes should however be made on the firm base of facts and figures.

There should be no rigid linking of highest pay in the public sector enterprise with those in Government though some comparability would be desirable.

A new public sector enterprise should plan its recruitment in consultation with the heads of other public enterprises. The older enterprises should have a liberal policy of releasing personnel where it means promotion. The CAPSECS should plan and co-ordinate this movement within the public sector.

The functions of personnel departments of these enterprises should be carefully laid down on the pattern



as given in para 5.18.

The personnel unit should be placed directly under the Chief Executive.

(i) A service agency "Central association of public enterprises for common services" should be created.

(ii) This service agency should be financed and managed by the public enterprises on a co-operative basis.

(iii) The Governing Board of this agency should comprise three representatives of the public sector enterprises, Chief of the Central Personnel Agency and the Secretary in charge of the Bureau of Public Enterprises ;

This agency should :

(a) Provide expert advice on all personnel matters ;  
(b) Provide necessary service in personnel functions to smaller enterprises ;

(c) Recruitment to Junior Executive levels of such enterprises as may like to entrust the recruitment to it ;

(d) Develop testing techniques ; and

(e) Conduct research in personnel problems.

(v) There should be no compulsion in any form, for using its service ;

(vi) This agency should be started as a small unit which may expand as its area of operation increases.

## ADMINISTRATIVE REFORMS COMMISSION, STUDY TEAM ON REDRESS OF CITIZENS' GRIEVANCES, 1966—REPORT

Delhi, Manager of Publications, 1966. 17p.

Chairman : Shri C. C. Chaudhuri.

Members : Shri Deva Prasad Chaudhry ; Shri Ajit Kumar Bose ; Shri P.C. Ghosh.

### APPOINTMENT

The Study Team on Redress of Citizens' Grievances was constituted by the Administrative Reforms Commission on June 25, 1966.

### TERMS OF REFERENCE

The Team was asked to examine the problem of redress of citizens' grievances with reference to : (a) the adequacy of the existing arrangements for the purpose, and (b) The need for the introduction of any new machinery or special institutions for the redress of grievances.

### CONTENTS

Report ; Recommendations.

### RECOMMENDATIONS

The Grievances of Citizens which the Study Team have been asked to deal with are, of course, grievances against the Government, its Acts and policies. Such grievances may be general or common to all or any section of the community. Shortage of food, rise in prices, over-crowding in transport services, late running of trains are instances of such grievances which do exist and find expression in widespread disturbances that

occur from time to time. The Study Team is not, however, concerned with such general grievances. What the Study Team is concerned with are those grievances which the citizens may, as individuals, have against the Government on account of any Act or omission on its part affecting them individually.

The activities of the Modern State are no longer confined, as in old days, to the maintenance of law and order only. The State now-a-days undertakes numerous activities for the welfare of the community as a whole and for the purpose of achieving its goal, the State has come to control, to a large extent, the daily life of the citizens and the citizens have to approach for they can engage in any business or work of their choice. The area of Government control is vast but may be considered under the following heads :

1. Common Activities : Under this head may be mentioned those activities for which a citizen has to obtain permission or licence from the Government before he can engage himself in any one of them. If, for example, a citizen wants to set up an industry or expand one has to obtain an industrial licence from the Government. A person has to obtain an import or export licence before he can take up the business of import or export. Licences are required for running transport services, passports, and foreign exchange permits for travelling abroad.

2. Controlled Commodities : The supply and distribution of commodities considered essential to the

life of the community and the prices at which such commodities may be sold are controlled by the State. Any person desiring to trade, for example, in foodstuff, drugs, building materials etc., has to get the approval and abide by the directions of the Government.

3. **Welfare :** The State undertakes various welfare services such as health, sanitation and directly or indirectly affects the citizens. It runs hospitals schools and colleges and grants financial aid to such institutions run by private parties. The Government also undertakes relief work in time of distress. Postal service, State Transport by Railway, Aeroplane or motor buses may also be included under this head.

4. **Contractual Relationship :** Citizens enter into contractual relationship with the Government, as for instance, supply of service, e.g., contracts for buildings or supply of goods. Although such contracts are governed by the terms of the contracts, the Government Departments have a large say in the distribution of contracts and seeing to their satisfactory performance.

5. **Acquisition and Requisition of Property :** Private property is liable to be acquired or requisitioned for public purposes. Although elaborate procedure is laid down for the purpose, much depends upon the discretion of the Government Departments concerned. In fact, the famous Crichton Down case related to the derequisition of property taken over by the Government.

6. **Other Activities :** Besides these, the State has undertaken various social services, such as Banking, Insurance, Employee's Provident Fund etc., and those more than any other are likely to affect the lives of ordinary citizens in their daily lives.

These are some of the areas which may be called the horizontal ambit of governmental activity where the problems of the redress of citizens, grievances may arise. Orders affecting the citizens in these matters are made by the various ministries or departments of the Government in charge of particular matters.

There is, however, another area or rather a cross section of the above area which may be called the vertical area. Orders are not always passed at the highest level by the officials of the Secretariat on their own or under the direction of the Ministers. Orders are more often passed, particularly in the States by subordinate officials spread over throughout the country. Orders may be passed by District Magistrates, Sub-Divisional Officers and even by officials of lower ranks in the mofussil, e.g., by Block Development Officers. So far as the Union Government is concerned, orders are, however, passed mostly at the Secretariat level at the headquarters, except in a limited number of cases where the officials are stationed at State capitals. In considering, whether there should be any

outside authority who can deal with complaints of citizens, this aspect of the matter should be kept in mind, whether the authority should be empowered to deal with orders passed at the highest level or also at lower levels by officials in the mofussil.

The powers that are exercised by the Government departments or their staff officials may be statutory, under authority conferred by statutes or instruments of delegated legislation. They may also be exercised under pure executive instructions, some statutes or statutory instruments provide for redress against illegal or wrong orders by way of appeal to higher authorities from orders passed by subordinate authorities. Some others do not provide for any such redress. A few illustrations will suffice. Under the Imports and Exports Control Act or the Essential Commodities Act and various orders passed under this Act, no remedy is provided under statutes or the rules against orders refusing or cancelling licences or permits. On the other hand under the Customs Act and the Excise Acts, there is a hierarchy of officials who can revise or set aside orders passed by subordinate officials. Some of the statutes, e.g., Land Acquisition Act and the Patents and Designs Act, provide also for appeals or references to courts of law. There may, therefore be 3 kinds of orders by which citizens may be affected :

(a) Orders against which remedies are provided by the statutes governing the particular matter;

(b) Orders against which no such remedies are prescribed;

(c) Orders against which appeals or references may be made to court under the relevant statutes.

Where a public officer is vested with any statutory duty, he can be compelled to do his duty or restrained from doing anything in the purported performance of such duty by the court. But the court's jurisdiction extends only to directing him either to exercise his power or to refrain from doing so in a particular manner. The court has no jurisdiction to direct him to do his duty in any particular way or to interfere with his discretion. Unless the Constitution or any statute has made any issue 'justiciable, the officer's discretion is absolute; the court's duty will be only to see that the proper procedure or the rules of natural justice are followed.

Orders passed by the officials may be impugned on various grounds. Corruption may be alleged, the officer concerned may be said to have acted under the influence of bribes, undue pressure or influence of nepotism. He may be alleged to have acted illegally on a misinterpretation of law or unreasonably or arbitrarily in the circumstances. It is obvious that a person who has succeeded in obtaining an order in his favour whether by fair means or unfair will never come to complain.

The persons who have been disappointed will do so. If statutory remedies are available, they can have remedies. In other cases although the officers concerned may be punished or otherwise dealt with, it may not be possible to interfere with the orders themselves.

In a Parliamentary Democracy the legislature is the forum for raising grievances of citizens. Indeed, the Fundamental Principle of voting supply is that citizens' grievances must be considered before supply can be granted to the Executive Government. In debates on demands for grants therefore, all sorts of grievances may be raised by cut-motions. There are also other Parliamentary methods of raising grievances. Indeed it is the duty of the members to represent his constituents and to raise their grievances in the legislature and have them redressed. One of the important methods of raising the constituents' grievances is by putting questions to ministers about any case of mal-administration or abuse of power. Questions of police excesses and tortures have been raised in Parliament. There are, however, certain limitations to this method of raising grievances. Firstly, a member can put a limited number of questions during a session. Secondly, individual cases cannot be raised unless they involve any question of general policy. Consequently, members do not usually put questions unless issues of grave political implications are involved. Questions are put primarily for eliciting information and when the ministers reply, requests for action may be made and undertakings from the ministers obtained. Questions, may also, be put for written answers. Members may also take up any matter with the ministers privately. Members can freely adopt these two methods for having the grievances of their constituents redressed. There is also the debate known as the half-an-hour debate. If the replies or responses to any member's questions are not deemed satisfactory, the member can raise the matter in a short debate where time is available for debating any such question fully.

Other Parliamentary methods are calling attention notice and adjournment motions. As with questions, or more than that, these methods can only be adopted if grave questions of public policy or administration are involved. As an adjournment motion is treated as a motion of censure, the Government is always on the defensive and very little by way of redress can be expected out of these methods. There is a Committee of Petitions in every legislature. Individual grievances may be raised by petitions to the legislature. Petitions are referred to the Committee of Petitions which may suggest remedial measures. But as the Indian legislatures have no power to grant any relief, petitions to Parliament do not serve any purpose except publicising grievances.

## Ministerial Responsibility

It is fundamental in a Parliamentary Democracy that ministers are responsible to the legislature for the acts of permanent officials. It is for this reason that criticism of mal-administration is directed against the ministers concerned and ordinarily the names of permanent officials are not allowed to be mentioned in the House. Not because they are not before the House to defend themselves but because it is he (minister) who is primarily responsible, for the acts of his officials. If the officials have acted in accordance with the instructions, general or particular, of the minister or under his orders, it is the duty of the minister to defend them in the House. If his defence fails and the House disapproves of the action taken, the minister has to resign, no blame attaches to the permanent officials. In the Crichton Down case, Sir Thomas Degdale, the Minister concerned, resigned although he was not personally responsible for the acts of the permanent official whose action was disapproved. On the other hand, if the official acted against the instructions of the minister or corruptly or negligently, no duty is cast upon the minister to defend him and in such a case it is the official who is punished and not the minister. In India, there is some misapprehension about ministerial responsibility. When there was an accident in a Railway, the Late Mr. Lal Bahadur Shastri, the then Railway Minister, resigned, Mr. S.K. Patil offered to resign when there was recently an accident in Bombay. If a Railway Poin'sman is negligent in his duty, the minister is under no duty to defend him and he is under no obligation to resign in such circumstances. If an official takes bribes and passes an improper order, the official is punished. The minister does not resign unless he is himself involved in the transaction.

It is the legislature, which has the right and the duty to keep the ministers straight. If a minister fails in his duty or acts improperly, he is liable to be removed by the legislature. Any Chief Minister supporting a corrupt colleague will do so at his own risk. If any enquiry is necessary for establishing the guilt or innocence of a minister, the House has ample authority to appoint or to require the Government to set up a Commission of Enquiry. Such Commissions have been appointed in England and also in India e.g., Porter Tribunal involving Mr. A.J. Thomas, Lynskey Tribunal involving a junior minister, Mr. Belcher Denning Inquiry in which Profume was involved and in India, S.R. Das Commission and Chagla Commission. Such inquiries are directed when facts are placed before the House by responsible members who take the responsibility of their statements and are in a position to

substantiate their charges. Any authority intervening between the ministers and the House would act on complaints made by members of the public and undertake inquiries would make the position of ministers intolerable.

Another aspect of the matter which has to be borne in mind is that under the Indian Constitution, the ministers are collectively responsible to the legislature for all administrative acts of the Government. No minister is individually responsible. If any act done under the authority of a minister who may be in charge of the department, does not have the approval of the Council of Ministers, the minister in charge has no necessity to be dismissed or required to resign. If the Council of Ministers take the responsibility, the House can get rid of the ministry if it does not approve of the act.

Then again under the Constitution ministers are only advisers to the Head of the State who is responsible for all executive acts. No minister has any authority to pass any executive order. All orders are passed under the signature of the executive officers concerned although under the rules of business the Heads of the State authorises the executive officers to act in accordance with the direction of the ministers, as if they have been issued by the Head of the State himself. The Constitution also provides that no court can inquire into the question as to what advice has been tendered by the ministers to the Head of the State. The notings made by the ministers on the files on which the executive officers are authorised to act are in law advice tendered to the Head of the State. Any authority investigating into the orders passed by a minister will be acting against the spirit of the Constitution.

The position in England is somewhat different. The ministers are secretaries to the Crown and they are entitled to pass orders under their own signatures. Besides, there are matters in which the ministers act not as members of the Council of Ministers but themselves exercise prerogative or statutory powers or act as tribunals supervising the acts of local or other authorities. For example, the Minister of Health or the President of the Board of Education is constituted a corporation under the relevant Acts. Any act performed under such statutory power is quite different from an act of a minister under the Indian Constitution.

### Vigilance Commission

The Central Government and most of the State Governments have set up Vigilance Commissions to enquire into charges of corruption among officials. These Commissions have no statutory basis but have been set up by executive order and perform the duties

that were usually performed by the anti corruption departments. The complaints that are investigated are complaints of corruption not so much against any act of the official as against the officers concerned. But the enquiry by the Vigilance Commission may relate to a particular order or a particular transaction. Besides, the Vigilance Commission having been set up by the Executive Government, it is not an independent body; it makes its reports to the Government and makes recommendations for action (including prosecution) and the Government takes suitable disciplinary or other action against the officer in accordance with the advice of the Vigilance Commission. Some kind of independence has been attempted to be conferred upon the Vigilance Commission by making (by voluntary abnegation of powers by the Executive Government, his dismissal depends upon an address by the legislatures. This, however, has no constitutional guarantee. He cannot also, under the terms of the appointment, accept any employment under the Government after retirement from the post of the Vigilance Commission. In the absence of constitutional or even statutory recognition of his position, he may act as best as a department of the Government to check corruption.

To recapitulate, the grievances of citizen it may relate to :

(a) Orders passed in the exercise of statutory discretion :

(i) Against which remedies by way of appeal or application to higher authorities are prescribed ;

(ii) Against which no such remedies are prescribed ;

(b) Orders passed in the exercise of executive power in dereliction of duty or abuse of power either :

(i) Being influenced by corrupt motive; or

(ii) Merely out of error, negligence, inefficiency or even perversity.

This class (b) of orders has been described in the Report as Accusatory in character "in the sense that the individual is accusing a department of committing some fault in the exercise of its administrative powers".

Having cleared the ground we shall now take up the question of the redress of grievances, so far as orders of category (a) mentioned in the previous paragraph are concerned, the complaints would be that the discretion the officer has exercised is not proper in the circumstance due to error of law or error of judgment and what is desired is the substitution of any accusation of negligence or corruption. As has been stated many of the statutes conferring discretionary powers on officials provide for the correction or revision of orders by higher authorities or tribunals. There is no such remedy as provided, the Study Team is of the opinion that such formal re-

medies should be provided, except in cases where any question of policy is involved. There is a case in respect of this subject-matter for the Constitution of administrative tribunals; but that is a matter which is not within the reference to this Study Team.

So far as orders of category (b) are concerned, those falling within clause (i) will be within the jurisdiction of the Vigilance Commission but there is no authority which can take cognisance of complaints falling within clause (ii). It should be pointed out at the outset that so far as these orders, whether within clause (i) or clause (ii), are concerned, there will be no scope for redress of the grievances. The Vigilance Commissioner cannot override any order of an executive authority. Even if there is set up in any authority to take cognisance of complaints, he cannot be given the power to revise the orders of executive authorities. That would bring the administration to a standstill. Indeed the institution of Ombudsman nowhere has any authority to revise the decisions of executive authorities. It can criticise and point out defects and suggest remedies. Even where remedies are suggested, it may not be possible always to accept the suggestions. In most cases, the interest of the third party, who may be quite innocent, may be involved. If a person, for example, complains of inordinate delay in having his matter attended to and the authority set up to investigate the complaints of citizens finds the complaint to be justfied, he may ask the department concerned to expedite the matters. In such a case, of course the complaint would get redressed. But, where for instance, a permit has been given to a person in preference to the complaint, it may not be possible to give any redress to the latter unless there is fraud or collusion on the part of the former.

There is an ultimate source of remedy by way of petitions for writs under Article 226. As has been already stated, the court cannot in petitions under Art. 226, substitute its own discretion for the discretion of any authority, unless the issues are justiciable. In most cases they are not; they depend upon what is known as the subjective opinion of the authority concerned. Jurisdiction under Article 226 can only be exercised in such cases if the procedure laid down has not been followed or rules of natural justice have been violated. Besides, the exercise of writ jurisdiction is beset by technicalities and further, going to court means expense and delay which keep ordinary citizens away from law courts. There is, therefore, scope for establishing an authority which can go into the grievances of citizens but as has been already indicated, the scope of inquiry by such authority will be extremely restricted one only in relation to orders classified under clause (b) (ii) in the previous paragraph. And even then, the scope of the authority will be only to draw attention to irregularities and not

to grant redress.

There is, in some European countries, an institution called Ombudsman which enquires into complaints made by citizens against mal-administration of the Government departments. The powers and duties of and the procedure followed by the Ombudsman in different countries are, except for minor details, more or less the same. We shall take here the case of the Swedish Ombudsman because it is the oldest of such institutions.

The Swedish Ombudsman is an Officer of Parliament elected for a term of four years by a College of electors which is chosen by and from the members of Parliament. He may be re-elected. In fact, it is understood that the Ombudsman once elected should be prepared to serve at least two terms.

On the other hand, it is also understood that an Ombudsman should not serve too long; these terms seem to be the conventional limit. The Parliament has the right to dismiss an Ombudsman in certain exceptional cases. An Ombudsman is usually appointed from among judges of the Supreme Court. He is independent not only of the Executive Government but also of Parliament itself. He himself decides which case he would investigate. Even Parliament cannot require him to investigate any case. The Ombudsman is assisted in his work by a Deputy Ombudsman elected in the same way as the Ombudsman and six jurists and the necessary staff appointed by the Ombudsman.

Any citizen can make a complaint of mal-administration before the Ombudsman. The Ombudsman can take cognisance of a case not only on such complaints but also can act *suo-motu* on information received by him otherwise, even on newspapers reports.

The jurisdiction of the Ombudsman for civil affairs (there is Ombudsman for military affairs also in Sweden) known as Justice Ombudsman or JO in short, extends over civil servants, judges, administrative tribunals but not over ministers. The Ombudsman has no authority, however, to change the decisions of judges or administrative tribunals. In order to understand the nature of the Ombudsman two fundamental principles of Swedish law have to be borne in mind. One, every public officer including judges are liable to penal liability; if a judge or a civil servant through neglect, imprudence or want of skill, disregards his duties according to statutes, instructions, or the nature of his office, he may be condemned in the ordinary courts to a fine or suspension for neglecting his duty. And second, that the civil servants are not under the control of ministers. A Swedish Minister cannot give administrative officials binding order when dealing with particular matters. The officials have only to follow the laws.

The Ombudsman has also the power to inspect the Government offices wherever they may be situated. And

he, systematically exercises this power by going on inspection tours and examining Government files to see whether every thing is all-right. Much of his information is derived from these inspection tours.

When the Ombudsman is satisfied on a complaint or from information otherwise received, e.g., from his inspection tours, that there is a case for investigation he states an enquiry; first of all, he asks for documents from the authorities concerned; he has access to all documents, even secret ones. If the documents are not sufficient, he may examine the persons involved orally. If he finds that there has been any dereliction of duty, he takes steps. Under the Swedish Constitution the function of the Ombudsman is to see how judges, Government officials and other civil servants observe the laws and to prosecute those who have acted illegally or neglected their duties. Although the primary duty of the Ombudsman is to prosecute. Indeed in early days he was deemed to be a prosecutor, now-a-days a reminder to the official concerned that his dealing with a matter has been faulty or improper is the common form of action taken. This reminder is deemed to be a reprimand of the officials. Prosecution also is directed when legal rights have been infringed. It may be mentioned here that under Swedish law, an individual suffering damage as a result of negligence or error on the part of an official is entitled to damages from the official. Prosecutions are usually directed in such cases in order to give such an individual right to claim damages. Judges have been prosecuted for failure to appoint defence counsel for a person charged with a crime, for directing arrest of persons on insufficient evidence and for neglecting to hear and decide cases expeditiously where the accused has been arrested.

The Ombudsman makes an annual report to Parliament dealing with the work done during the year. This report is first considered by a Committee of the Legislature. The Committee makes a report to Parliament. Sometimes the Committee criticises one or more of the Ombudsman's decisions. If the work of the Ombudsman is considered unsatisfactory the Committee may even recommend his removal. The report of the Committee, when presented to Parliament, does not usually cause a debate. But members may ask questions which are answered by the Chairman of the Committee or they may make remarks about the activities of the Ombudsman.

The underlying idea about the institution of Ombudsman in Sweden appears to be, first, to have an authority who will investigate complaints of dereliction of duty and direct prosecution of the delinquent officials, and second, to provide for an instrument through which Parliamentary control may be exercised over the permanent officials who are not answerable to the ministers

responsible to Parliament.

The institution of Ombudsman was established in Denmark about ten years ago in 1955. The Ombudsman is elected by Parliament after each general election for the life of Parliament. An Ombudsman may be re-elected after his first term. The jurisdiction of the Ombudsman extends to the entire State's administration, civil or military, and all persons acting in the service of the State, including ministers. But so far as ministers are concerned, the Ombudsman does not entertain complaints which involve political issues. For example, when a complaint was made that the Government had over-drawn its account with a Bank, the Ombudsman declined to intervene and said :

"But where this limit (i.e., limit of the amount that may be over-drawn) is to be drawn, it must be dependent upon political, not legal, factors. For this reason, I am not competent to give an opinion on the subject. The rule of ministerial responsibility must afford protection against abuses." In another case, the Ombudsman held that he had no jurisdiction to criticise a statement made by the Prime Minister in Parliament on his usual ministerial responsibility.

The judiciary has, however, been kept outside the jurisdiction of the Ombudsman on the ground that interference by the Ombudsman may affect the independence of the judiciary.

Any person may lodge a complaint but ordinarily the complaint is required to have some reasonable interest in the matter. A complaint must be made within one year of the order complained of. The Ombudsman may also undertake an investigation on his own initiative.

The Ombudsman has the jurisdiction to reject a complaint summarily without investigation, or after a brief investigation. He may also make a fuller and formal investigation. The number of complaints received, and of those on which action was taken, is revealing. In 1963, 1,130 complaints were received, 725 were dismissed summarily, without any investigation, 254 were dismissed after summary investigation, 151 cases were formally investigated, critical comments were made on 53 and recommendations were made in 10 and the rest were pending at the end of year.

When a complaint is received, the Ombudsman asks the department concerned to submit all papers and documents. He may also examine witnesses. Complaints against orders from which there are appeals to higher administrative bodies are not entertained by the Ombudsman. But he is competent to entertain complaints even if the matter can be dealt with by the court.

The Ombudsman cannot annul or revise an administrative order. What he does is to criticise the act complained of and state his views. He can also make recommendations for action and also initiate or direct

any prosecuting authority to initiate criminal or disciplinary proceedings. No prosecution has, however, been directed as yet. When he finds that a minister or a former minister ought to be held responsible under any civil or criminal law he may make a recommendation to that effect to Parliament. If he finds an official negligent or guilty, he may state his views to the official and also do so to the minister concerned and to Parliament as well.

The Ombudsman's duty as expressed in the Act and the Directives is to keep himself informed as to whether Public Servants commit mistakes or acts of negligence, and whether any such person pursues unlawful ends, takes arbitrary or unreasonable decisions in the performance of his duties.

The Norwegian Ombudsman was established by an Act only in 1962. The Ombudsman is elected by Parliament. The Judiciary and the Municipal Administration are excluded from his jurisdiction, but ministers are included. Whether the Norwegian Ombudsman will, like his Danish counterpart, limit his jurisdiction as regards ministers to non-political matters, is not clear. As to governmental administration, his jurisdiction extends to all activities of the Government including business-like activities of the State and social service, such as Education and Health etc.

The Ombudsman may act on complaints by the persons and the also suo-motu. The complaint must, however, have some interest in the matter, i.e., he must himself be affected by the master which he desires to bring the Ombudsman.

The Ombudsman may call for information and production of documents but in this regard, his powers are somewhat limited. He has the same power as the courts have to call for the production of documents, that is, his power is circumscribed by the Rule of Privilege which obtains in court proceedings. He has no uncontrolled access to internal documents. The Ombudsman does not entertain any complaint when appeal to higher authorities is permitted, unless all available remedies are exhausted.

The Ombudsman has no power to annul or amend any administrative decision. He has no power, unlike the Swedish and the Danish Ombudsman, to direct prosecution or disciplinary proceedings. His power is limited to expressing his opinion on matters brought before him. As regards the exercise of administrative discretion the Ombudsman has the right to scrutinize such exercise only in so far as he finds the decision in question to be unlawful or clearly unreasonable.

The Ombudsman is required to file an annual report to Parliament.

It appears that the necessity of having an official of the nature and status of the Ombudsman was felt in

these countries for the purpose of exercising Parliamentary control over the administration, because perhaps the usual modes of such controls known to the democracies based on the British model were not available. Modes such as question, adjournment motions, debates or address to the King, debates on supply, half-an-hour debates, debates on motions for adjournment of the House whereby all sorts of grievances could be aired in Parliament etc., and Parliamentary control is exercised through ministers who control the executive officers.

Of the democracies of the British Parliamentary model New Zealand has an Ombudsman also called Parliamentary Commissioner for investigation since 1962, appointed under the Parliamentary Commissioner (Ombudsman) Act, 1962. The Ombudsman is appointed by the Governor General on the recommendation of the House of Representative. The Ombudsman cannot be a member of the House or hold any other office without the permission of the Prime Minister. Although in form it is the House of Representatives which appoints the Ombudsman, in reality it is the Government which has a majority in the House. The term of office of the Ombudsman is three years—the duration of Parliament. But an Ombudsman can be re-appointed. This relatively, short-term of office may impair the independence of the Ombudsman, for an Ombudsman disliked by the Government when he criticises, may not be re-appointed. An Ombudsman may be removed by the Governor General on an address from the House of Representatives. The Ombudsman appoints his own staff but in this his powers are limited, the class and number of staff and their salaries, and conditions of service must be approved by the Prime Minister.

The jurisdiction of the Ombudsman extends to all administrative departments of the Government (except the judiciary, local authorities and almost all administrative tribunals). His jurisdiction extends over the ministers not directly over ministerial decisions but in so far as he has approved of any departmental recommendations.

He can take action on a complaint (on which a fee of 1 is payable) or on his own initiative and investigate into any decision or recommendation made (including any recommendation made to a minister) or any act done or omitted relating to a matter of administration in any of the departments (which are listed in a Schedule to the Act) by any officer or person employed therein. The Public Petitions Committee of Parliament may also refer to any case to him for investigation. He has no jurisdiction over any decision, or objection on the merits of the case to any court or tribunal, whether such right has been exercised or not and whe-



then the time for exercising such rights has expired or not. He has also no jurisdiction over the Law Officers of the Crown.

The Ombudsman has no power to annul or alter any administrative decision. His function, is first, to make a report or recommendation to the department and the minister concerned. If his recommendation is accepted well and good; if not, he may bring the matter to the notice of the Prime Minister and thereafter to that of Parliament. He can drop any proceeding if he thinks that the complaint is likely to have a remedy under the law of "existing administrative practice" i.e., from the departments concerned.

The Commissioner can take action if he is satisfied to any departmental decision :

1. Is contrary to law;
2. Is unreasonable, unjust, oppressive or improperly discriminatory;
3. Is based on a mistake of law or fact;
4. Is wrong or;
5. Involved the exercise of discriminatory power for an improper purpose or on irrelevant grounds or where reasons should have been given.

The proceedings of the Ombudsman are private but the Commissioner must give an opportunity to a department or an officer to be heard if he intends to make any adverse remarks against the department or the officer. He has the right to examine all papers except those which the Attorney-General certified that they involve security, defence, investigation of crimes etc.

In a recent address the present Commissioner of New Zealand said that during the first 18 months he had received 1100 complaints and fully investigated half of them. He rejected the others on ground of want of jurisdiction except 80 which were still pending. Of the 505 fully investigated he found that in 107, the complaints were justified. In a little more than half of these justified complaints, the departments concerned took remedial action properly in many cases before any recommendations were made by the Commissioner.

In England a Bill has been recently introduced for the setting up of an office of Parliamentary Commissioner for Administration. The main provisions of the Bill are :

(a) The Commissioner who will be disqualified to be a member of the House of Commons will be appointed by Letters Patent, his salary ( £ 8600) and pension will be charged on the consolidated fund and is removable only on an address from the House of Commons.

(b) The Commissioner's jurisdiction extends to all the departments except a few in which the security of the State, defence or foreign relations are involved. He will be entitled to investigate into any action of the departments over which he has jurisdiction including

ministers, officers or members in the exercise of administrative functions. Matters where there is recourse to a tribunal or a remedy by way of proceedings in a court of law are excluded.

(c) The Commissioner can initiate proceedings only on the complaint of a member of the House of Commons. This is to ensure that the rights of members to raise questions in Parliament are not jeopardised, and that frivolous complaints are excluded by a sifting at the initial stage. Any person or body may make a complaint to a member but such complaints must be made within 12 months of the order complained of.

(d) The Inquiry by the Commissioner will be private. He must, however, give an opportunity to the person complained against to comment. He will have access to all departmental documents except those relating to cabinet or cabinet proceedings. The Crown will not be entitled to claim privilege.

(e) The Commissioner will make a report of his investigation to the member concerned and will submit a general report annually to Parliament and may also make a special report. If the Commissioner thinks that injustice has been caused to the persons aggrieved in consequence of mal-administration and that the injustice has not been or will not be remedied (presumably on the attention of the department concerned being drawn to the matter) the Commissioner may make a special report upon the case to the House of Commons.

(f) The pendency of an investigation will not preclude the department concerned to take further action in the matter.

The Office of the Parliamentary Commissioner, as has been emphasized in the White Paper presented to Parliament by the present Labour Government (Cmd. 2767) does not aim at the replacement of the existing parliamentary machinery for the redress of grievances but as a means whereby the members who desire to raise any matter in Parliament may have the assistance of a competent person for enquiring into the complaints received by them from their constituents, it says :

"In Britain, Parliament is the place for ventilating the grievances of the citizens by history, tradition and past and present practice. It is one of the functions of the elected members of Parliament to try to secure that his constituents do not suffer injustice at the hand of the Government. The procedure of Parliamentary questions, adjournment debates, and debates on supply have developed for this purpose under the British pattern of Parliamentary Government and members are continually taking up constituent's complaints in correspondence with ministers, and bringing citizen's grievances, great or small, to Parliament where ministers individually, and Her Majesty's Government collectively, are accountable, we do not want to create any new institu-

tion which would erode the functions of members of Parliament in this respect, not to replace remedies which the British Constitution already provides. Our proposal is to develop those remedies still further. We shall give members of Parliament a better instrument which they can use to protect the citizens namely, the service of a Parliamentary Commissioner of Administration."

As envisaged in the British Bill, the position of the Parliamentary Commissioner seems to be similar to that of the Comptroller and Auditor General. The Comptroller and Auditor-General examines the accounts of the Government, which the members have no time or capacity to scrutinize, and makes his report about irregularities which he may have found and which may not have been rectified or explained. The members derive information about irregularities and make such use of them in Parliament as they desire. It may also be mentioned in this connection that the Comptroller General has no authority to criticise ministerial policy but can criticise a minister if he is involved in any irregularity detected. So far as ministers concerned, it seems that ministers will be, in the same position vis-à-vis the Parliamentary Commissioner.

We shall now consider the question whether there is any necessity or scope for establishing any institution as that of an Ombudsman in India. It has already been stated that if administrative orders against which remedies by way of appeals or otherwise to higher tribunals or courts of law are available and those in respect of which corruption is alleged are excluded, there will be a very limited sphere in which grievances of citizens may arise. It will have to be considered whether such an institution, as the Ombudsman should be set up for such a limited purpose or citizens should be left to such remedies as are available to them by the existing Parliamentary methods of redress.

Then, the countries like Sweden, Denmark and New Zealand which have set up such institution are small in area and contain a small population varying from about 25 lacs to 75 lacs, whereas India has got a population of about 45 crores. If the standard of Sweden be taken, "Ombudsman" Deputy and six Jurists, India would require 420 persons of the status of enquiry by the Ombudsman which is private, personal and informal, will be totally lost with such a huge establishment.

These countries have only a centralised Governments whereas India is something of a federation with a Central Government and fourteen State Governments. It has to be considered whether the Ombudsman should be established on an All-India basis or there should be separate Ombudsman for the Centre and for the States. The difficulties of having an All-India Ombudsman are two fold; first, for an Ombudsman to deal with the huge number of complaints from all over the country

against action taken by executive officers spread over throughout the territory of India would well nigh be impossible. He will have to have a Deputy Ombudsman and corresponding staff in each State. There will be a parallel organisation and as indicated already will do away with the informal nature of the investigation. The second difficulty is constitutional and more formidable. The Executive Government of each State is responsible for efficient administration to the State Legislature and not to the Union Legislature. An authority imposed upon the State by the Union Parliament will interfere with the executive powers vested in the State under article 162 and will go against the Constitution. If an Ombudsman has to be set up in the States, it seems that has to be done by the State Legislature for each State. In Canada, where there is a Federal Government and a number of Provincial Governments, it has been realised when a proposal was made for an Ombudsman, that an Ombudsman created under federal law would not extend to the provinces and that each province would need to provide its own Ombudsman.

It would not be advisable to bring ministers under the jurisdiction of the Ombudsman if one is appointed. The ministers are responsible to the legislature and any allegation against them of corruption or oppression or injustice should be dealt with by the legislature itself. No other authority should intervene between a minister and the House. If any investigation is necessary which the House is not in a position to undertake, the House may appoint a Committee or better set up a Commission under the Commission of Inquiry Act for the purpose of investigating a particular case. Any inquiry into the acts of ministers by the Ombudsman should be limited to such acts as fall within his administrative duties on recommendation made by the officials and not against any policy decisions or allegations of a personal nature.

As regards officials, there may be same conflict of jurisdiction between the Government Departments concerned and the Ombudsman. The disciplinary power over the officials is vested in the Executive Government and under Article 311, an officer has to be given an opportunity to show cause. What would be the nature of an enquiry, for instance, into corruption by the Vigilance Commissioner or into abuse of power by the Ombudsman has to be cleared up. Would it be an enquiry contemplated by Article 311? Or should there be a need for instituting another enquiry or enquiries before action can be taken against any delinquent official?

As already stated, the Ombudsman of a State will have to deal with complaints against orders made by officers at outlying stations. For the purpose of investi-

gating such complaints, it would not be possible to call for documents and papers, for that would bring the work of the relevant officer to a standstill. In such cases it may be necessary for the Ombudsman to undertake inspection or investigation tours to make inquiries on the spot without upsetting the work of the administration. If a large number of complaints are forthcoming, as is likely, (although many of them may have no substance), the Ombudsman is likely to be on constant tour unless he is authorised to delegate his powers to any other person. The delegation of powers to others is absolutely repugnant to the idea of Ombudsman who must personally investigate the complaints. In Sweden, the Ombudsman handles the more important cases himself and minor cases are left to the Deputy Ombudsman who, it would be recalled, is also appointed by the legislature. The Ombudsman may, however, choose to investigate a certain percentage of complaints from the maffassil as test cases, the choice of cases being left entirely to his decision.

Except as proposed in England, in all the countries, any citizen can lodge a complaint with the Ombudsman; and the Ombudsman can also take action on his own initiative. On grounds of sound Parliamentary practice, it seems the proposed procedure that the Ombudsman should be put in motion by a member of the legislature is better, for the member retains his Parliamentary right and responsibility but he takes the assistance of the Ombudsman in the discharge of his Parliamentary duties.

There is another point to be considered in this connection, whether, when a complaint is made to the Ombudsman by an individual citizen or by a member, would a member of the legislature be precluded from raising the same matter in the House by other Parliamentary means such as putting questions, adjournment motions etc. ? Legislators are most likely to oppose a course which would prevent them from doing so. While they may agree to minor matters being left to the Ombudsman, they would not agree to lose a powerful weapon in their hands to use for political purposes. Such a course would also derogate from the authority of the legislature.

The setting up of an institution like that of the Ombudsman or Parliamentary Commissioner is beset with many complications and difficulties in a vast country like India. If it is desired to have such an institution the following suggestions are recommended for consideration :

(a) There should be an Ombudsman at the Centre appointed under Central law and an Ombudsman in each State appointed by State law.

(b) The Ombudsman for the Centre should be appointed by the President and for the State by the

Governor, or, on the recommendation of the Council of Ministers. Election by the House where Party Government prevails has no better safeguard. Drawing of the Chief Justice or Speakers into an affair between the House and the administration would involve unnecessary complications. If a wrong choice is made by the Council of Ministers, the House can criticise the appointment and get rid of the person. If Chief Justice or Speakers are there, it would be embarrassing both for them and for the members.

(c) A person to be eligible for appointment must have the qualification to be appointed a High Court Judge.

(d) The Ombudsman would hold office during good behaviour and can be removed only on an address by the House of the People or the State Assembly, as the case may be, for misbehaviour or infirmity as in the case of High Court Judges. He will hold office till the age of 65.

(e) His pay and pension, if any, should be charged on the Consolidated Fund and shall not be votable.

(f) His jurisdiction shall extend to all Departments of Governments except those whose exclusion may be necessary for the security of the State, Foreign Relations or Defence.

(g) The Judiciary should also be excluded. Ministers also should be excluded from his jurisdiction except in so far as they act as administrative authorities approving or disapproving any action of the departments.

(h) The Ombudsman will initiate proceedings only on a reference made to him by a member of the legislature, of a written complaint by any individual or body made to such member within 12 months of the day when the person aggrieved, had notice of the matter alleged in the complaint.

(i) The Ombudsman will not entertain any complaint if the person aggrieved has a right of appeal or review or revision before a tribunal or a remedy in a court of law.

(j) The Ombudsman will have the right of calling for documents and information from the departments except Cabinet papers and papers which are certified by a minister to be such the disclosure of which would be prejudicial to the security of the State. He can also examine witnesses.

(k) When the Ombudsman initiates an investigation he must give an opportunity to the Department or the officer concerned to represent its or his case.

(l) The Ombudsman will have the power to reject any complaint summarily if he thinks that it is not within his jurisdiction.

(m) The Ombudsman may suggest, to the Department concerned, remedial measures but shall not have the power to annul or alter any administrative order.

(n) During the pendency of the investigation, the department concerned will not be precluded from taking action in respect of the subject matter of complaints.

(o) After investigation, the Ombudsman shall report the results of his investigation to the member. If on an investigation, the Ombudsman thinks that injustice has

been done as a consequence of mal-administration and the injustice has not been or will not be remedied, he may make a report to the legislature. He will also make an annual report of his working to the legislature.

## INDUSTRIAL PLANNING AND LICENSING POLICY COMMITTEE, 1966—REPORT

Final Report, Delhi, Manager of Publications, 1967, 64p.

One man

Committee : Shri R.K. Hazari.

### APPOINTMENT

The one man Committee on, Industrial Planning and Licensing Policy was constituted under the Planning Commission in July, 1966.

### TERMS OF REFERENCE

(i) To review the operation of licensing under the Industries Act broadly over the last two Plan Periods and more closely over the last six-seven years, including the orderly phasing of licensing with reference to targets of capacity.

(ii) To consider and suggest in the light of the present stage of economic development, where and in what directions modifications may be made in the licensing policy.

### CONTENTS

Introduction ; Part I : Statistical outline ; Part II : Framework and Policy ; Part III : Recommendations ; Tables 1 to 20.

### RECOMMENDATIONS

There can be no improvement in the licensing system unless there is a basic change in the scope and drawing-up of industrial programmes in the Planning Commission. The role of the Planning Commission in this context should not comprise merely laying down of end-Plan targets, representation on the Licensing and Capital Goods Committees, and ad-hoc intervention on certain issues.

The industrial programmes of the Five Year Plan must separate the grain from the chaff. Priorities have

to be clearly distinguished from posteriorities.

The Planning Commission has to lay down the criteria for fixing priorities, specify the major priority areas and suggest from time to time the broad policies on taxation, credit, prices and allocation of foreign exchange required to fulfil the targets set for these areas. The selection of priority areas has to be in terms, not just of consumer vs. producer of capital goods but of deriving the maximum benefit of income and net foreign exchange saving per rupee of investment.

Better and more effective use can be made of the technical servicing capacity of DGTD.

The DGTD should publish a regular Bulletin giving information on the indigenous availability, present and future of engineering and chemical products, and Test House/ISI/National Laboratory reports on the quality, etc of relatively new products. The Bulletin should also publish regularly information of the prices of domestic engineering and chemical products, especially intermediates, and compare them with the landed cost or international prices of comparable products, together with the import duties levied on them.

Subject to considerations of economic size and foreign exchange costs, regional allocations of capacity and output can be indicated at the beginning of each Plan period for the 'allocable' Industries. The allocations should be reviewed every two years or so in the light of actual developments.

It might be worthwhile for the Centre to allocate foreign exchange quotas to State Directors of Industries, on an agency basis, for disbursement of import licenses to industrial units with assets of less than Rs. 7.5 lakhs. If this experiment is successful, it can be extended to units with assets upto Rs. 25 lakhs.

Over a period of time, import policy should be liberalised in respect of those products where the cost differential between domestic production and imports is so adverse which involves spending, say, more than Rs. 11 to save \$1 as to make domestic production uneconomical. The schedule of import duties should be closely related to the programmes and priorities of industrial development informed with the net benefit calculus of import substitution.

A specified small but progressively increasing percentage of commercial bank deposit should be statutorily deposited with the Industrial Development Bank, at a rate of interest equivalent to the prevailing Bank Rate.

Financing of priority sector inventories should be considered almost as important as financing of fixed investment, even if this means denial of credit elsewhere.

Any project with a total fixed investment of Rs 1 crore and above or having a capital goods import component of Rs. 25 lakhs and above should be considered for approval by Government only if it is supported

by a thorough feasibility report, certified by a recognised (preferably domestic) consultant.

If licensing is retained, the exempt limit for new undertakings should be raised from Rs. 25 lakhs to Rs. 1 crore, and that for substantial expansion should be Rs. 25 lakhs or 25 per cent of existing investment in capital equipment. The category 'new article' should be abolished. In substantial expansion, there should be no restriction on the installation of domestically produced equipment, and no percentage ceiling on diversified production with the total production.

There is no justification for allowing cases to remain before CGC for more than two years for, by then, much of their perspective changes altogether. An application to CGC should be deemed to lapse automatically if it is not approved within two years.

Broad indicative targets should be laid down by the Planning Commission, more for information than Government involvement, for industries/projects which are not included in the priority lists or which are not covered by licensing.

## ADMINISTRATIVE REFORMS COMMISSION, STUDY TEAM ON AGRICULTURAL ADMINISTRATION, 1966—REPORT

Delhi, Manager of Publications, 1967. 2 Vols.

Chairman : Shri H.M. Channabasappa.

Members : Shri Charan Singh; Capt. Rattan Singh;  
Shri V. Ramaiah; Shri T.A. Pai; Dr. K.C.  
Naik.

Secretary : Shri B. Rudramoorthy.

### APPOINTMENT

The Study Team on Agricultural Administration was constituted by the Administrative Reforms Commission on 17, July 1966.

### TERMS OF REFERENCE

To ascertain facts, locate principle problem areas, examine solutions for the problems and suggest such of them as they would recommend for the Commission's Consideration.

### CONTENTS

Vol. I. Preamble; Agricultural policy; Agricultural

Research, Education and Extension; Agricultural Finance, Supplies and Services; Agricultural Administration—the pattern; Conclusion; Tables 1 to 43; Charts I to IV. Vol. II; Annexures I to XV.

### RECOMMENDATION

#### Preamble

The economic growth and prosperity of the country depends wholly on a strong, efficient and prosperous agricultural base. Enough food for the growing population and ample raw materials for our industries and competitiveness for our products in international markets are essentials of prosperity. These can be achieved only through reorientation of our attitudes and priorities, and formulation of realistic policies and Programmes.

The violation of economic laws in Indian agriculture as well as the imbalance between the urban and

### COMMITTEES AND COMMISSIONS

rural economy on the one side and the social and personal interest on the other have given a rude shock to agricultural development in India.

Continuous exploitation of farmers, exodus of educated farm youths from land in search of urban occupations, reluctance of investors to invest on land, diversion of energies and resources to unrealistic and costly enterprises in agriculture and an archaic administrative machinery have resulted in a situation which is explosive and calls for a dynamic approach to agriculture before it is too late. A realistic and bold agricultural policy supported by a production-oriented administrative machinery with a unified single line of Command and charged with authority and responsibility is the need of the hour.

The illusion that industrial development in preference to agricultural development, can usher an era of prosperity to the country, has been completely shattered by our performances in these spheres. The emphasis on agriculture in the three successive Five-Year Plans wavered a good deal. The Planning Commission has very seriously erred in giving lesser emphasis for agriculture compared to industries. Both the experiences in more advanced countries as well as in this country are sufficient to warn us that agricultural development should precede in order to stimulate industrial development.

The continued discrimination between industry and agriculture to the advantage of the former and the step-motherly treatment to agriculture have been responsible for the sluggishness of Indian agriculture on the one hand, and for the unprecedented growth in urban activities on the other. Investments in industrial development have been very much more compared to that in agricultural development. In regard to utilisation of electric energy the necessary infrastructure has not been developed to enable the agricultural sector to utilize the same in large measures. It is only when we treat agriculture as the most important industry of the country and extend to it all the protections and facilities only then it is possible to modernise agriculture.

Even in regard to industrial development, our emphasis has been unrealistic and misplaced. The poorest farmers in the world have to pay the highest prices for agricultural inputs. If we had started a large number of agro-industries in the early years of planning, we would not have been now faced with the acute shortage and high cost of inputs. If we had laid more emphasis on starting large number of agro-processing industries, it would have helped in industrialising agriculture. This would have provided an organised institutional and economic stimulus to agricultural development. Ideological considerations in starting

industries in the public sector even at the cost of economic factors and the interests of farmers put us in trouble.

In spite of the three Five Year Plans, there has been no marked infusion of vitality into the agricultural sector.

The growth rate in agriculture has been far below that in other sector.

The rational survey reveals the wide gulf not only between the urban and rural sectors, but also within the rural sector. Rural areas have remained backward in spite of the Five Year Plans.

The agricultural policies formulated and pursued in the context of the Five-Year Plans lacked in realism. The implementation of these policies lacked the vigour necessary. Land reforms and cooperative policy are examples.

The impact of Panchayati Raj on agricultural production has been very discouraging. There has been frustration everywhere, both among the elected representatives and the officials.

Procedures for planning of agricultural production do not generate adequate interest and initiative among farmers. What farmers should do is planned for at the highest level and communicated to successive lower levels for implementation. The man who has to produce has no hand in planning.

Under the impact of the Five-Year Plans the Central Government machinery has become more powerful with a vastly, proliferated bureaucracy, while the States machinery, primarily responsible for agricultural production, is gradually losing its initiative, talents and discretion.

Plans for increasing agricultural production are oriented towards getting more allocations from the Centre than towards the maximum exploitation of the potential in each State. This trend has greatly increased the traffic between the State headquarters and the national capital.

Another impact of the Five Year Plans has been the enormous increase in the number of conferences, Seminars and workshops on the one hand, and the constitution of large number of Commissions and Committees of study and review the various aspects of agricultural production on the other. Most often the recommendations made by these forums are not acted upon with all the seriousness they deserve. Government should concentrate on taking firm decisions and implementing these rather than on constituting more Commissions or Committees or organising more conferences, etc.

Agriculture, though the most important industry in the country, is languishing because it is under-capitalised. Farmers' economic position is so weak that they

cannot save and invest on agricultural development.

Availability of credit to farmers from the organised banking sector has been very meagre. Besides, the procedures are complicated. Because of the policies of the Reserve Bank of India and other financing agencies and due to the high risks involved, agriculture has not been attracting sufficient capital investment from other sectors. Unless these policies are changed and increased capital made available to the agriculture sector, there is no salvation for the country.

To exaggerate the defects of farmers without even looking into their virtues has been one of our greatest mistakes.

Our farmers are inefficient or lacking in enterprise. Due to want of incentives and opportunities and being exposed to risks, and to uncertainties of help from Government, they are not prepared "to forego the meagre security in the hope of a more ample uncertainty". The economic restraints of traditional agriculture and absence of rewarding investments opportunities are holding them back. If profitable inputs are produced and supplied of farmers cheaply enough, they will not lag behind in taking advantage of these to increase production. Without these profitable inputs, agricultural extension service is an empty institutional gesture.

Commercialising Indian agriculture is the urgent need. To achieve this, all the factors inhibiting agricultural development should be removed (discrimination between agriculture and industry, land ceilings, food policy, etc.), remunerative support prices ensured for agricultural products, production incentives (efficient market system, crop and live-stock insurance etc.) offered.

It has to be appreciated that no Government machinery can grow either food or fibre. It is the farmers who grow and decide what, when and how to produce. Government's targets of production, therefore, have been very unrealistic, and have helped only to proliferate its organisation without enthusing the farmers. Government has also taken upon itself commercial activities which is not their legitimate function. The results of this trend have been grave. Government should, therefore, confine itself to its legitimate functions as detailed.

Agricultural administration, as it is organised today, is woefully unsuited to educate and serve the farmers. It needs to be infused with dynamism, dedication and competence. It should be thoroughly reorganised to perform, with integrity and efficiency, the three most important functions, viz. :

1. To educate farmers in the scientific ideas and practices;

2. To solve these problems; and

3. To ensure supplies and services required for agricultural production. (144 and 145)

### National Agricultural Policy

Both the agricultural policies and the way in which these are implemented need critical re-examination in the light of the poor performance in this sector during the last 16 years.

The national policies in a predominantly agricultural country like ours, should be primarily designed to give the highest place for its farmers and for the farming profession.

The national agricultural policy should provide for the realisation of the following objectives in the shortest possible period :

(i) Conferment of ownership title on land to the tiller ;

(ii) Securing higher stable incomes to farmers ;

(iii) Production incentives including a realistic price policy, an efficient marketing system and crop and live-stock insurance against risks ;

(iv) Easy availability of adequate capital resources to farmers and others engaged in agricultural enterprises ;

(v) Production and distribution of agricultural requisites in adequate quantities and at reasonable prices ;

(vi) Development of irrigation potential on top priority ;

(vii) An infra-structure conducive for rapid agricultural development and in particular—

(a) Large number of agro and agro-processing industries in rural areas with farmers having relationship with these ;

(b) A service-oriented administrative machinery which is efficient in giving new ideas to farmers, in solving their problems and in ensuring supplies and services to them ;

(c) A network of roads and bridges in rural and power supplies to agriculture. (2.1.3.)

The land reforms policy has not been implemented with the vigour and urgency it demands. Urgent steps be taken to ensure that the tenants set the ownership rights within a period of two years from now at the most. The legal obstacles should be removed forthwith. Administrative arrangements should be tightened up.

Our policies should be primarily production-oriented. Even ceiling on land considered on the same basis. Holdings which are contributing high level of production should not be distributed.

Land Ceiling Act should be repealed, and replaced by a provision for graduated taxes for the extent of land over and above the minimum.



Consolidation of the present scattered agricultural holdings should be expedited. Immediate measures are called for to change the provisions of Inheritance Law to prevent further fragmentation of agricultural holdings. The legislative measures must be flexible enough to meet all contingencies, such as exchange of land, etc.

The policy of building cooperative farming societies under Government pressure and State patronage should be given up.

Indiscriminate distribution of land to landless labourers unaccompanied by the necessary wherewithal to enable them to cultivate these lands profitably, should be stopped forthwith. Our aim will be to provide ample employment opportunities of landless labourers.

A National Standing Commission of experts should be appointed to undertake a national survey of essentialities for agricultural development for evolving land and water utilisation pattern. This pattern should take into consideration the potentialities available, the resources which need to be fully exploited and other factors for extensive introduction of scientific farming. It should frame a guide for the Central and State Governments to invest their resources to achieve the best results in agricultural production. This should also frame a guide for consolidation of holdings.

A national water use policy must be evolved keeping in view the urgent necessity to exploit the irrigation potential fully and as quickly as possible and to ensure that there is no-injustice done to any State. The policy should provide for utilisation of irrigation water from surface resources or from underground resources depending upon the technical and economic feasibility.

Government waste lands should be leased out on a long-term basis for individuals and organisations who come forward with capital resources and management techniques to develop these lands. Blocks of land with a minimum extent of 300 to 500 acres have to be leased out. Their production requirements including credit should be ensured since it contributes to increase agricultural production. There should, however, be no grants or subsidy.

The cooperative policy should be subjected to a thorough re-examination. Cooperatives should be allowed to stand the test of their efficiency in a competitive field. The protections given to the co-operatives so far, such as monopoly rights in regard to supply of inputs, and the subsidies and grants should be stopped.

Agricultural production should be the responsibility of Agricultural Department. This demands single line of command from village to State level. Panchayati Raj institutions should not be entrusted with agricultural

administration.

The public sector undertakings should be completely autonomous and free from Government interference to enable them to operate strictly on business principles. Government control should be limited to the absolute minimum necessary to ensure safety of its investments. The Board of Directors should consist of men who are professionals and experienced in the various fields of activity which the undertaking is entrusted with. Government officials should not hold multiple directorship in a number of companies.

In view of the acute shortage of the various agricultural requisites, the country is facing to-day, there should not be any monopoly given to any single organisation or agency in the fields of production and distribution of the various inputs and other requirements, uniform treatment should be meted out to all organisations irrespective of whether they are in the public or private sector, as long as they operate efficiently, keep to the standards and do not exploit any section of society.

The taxation policy affecting farmers and the farming profession should be subjected to a thorough re-examination by an Expert Commission keeping in view the legal, constitutional, moral and social aspects, apart from the factors of equity of treatment along all sections of society.

Price support should be an instrument of State policy in order to ensure production required of any crop at any moment when the state needs it.

The Agricultural Prices Commission should fix the minimum prices taking all factors into account and in particular the following aspects :

- (i) Interest on the cost of land ;
- (ii) Interest on investment ;
- (iii) Cost of production including managerial cost ;
- (iv) Input costs, wages, taxes, cesses, depreciations, etc ;
- (v) Intermediary losses owing to bad seasons, characteristics of the area and such other factors ;
- (vi) Reasonable margin of profit as compared with other sectors ;

In fixing the prices, (inter-crop parity should also be taken into consideration along with the average cost of production.

#### Union-State Relationship In Agricultural Development

The Centre-State relationship in agricultural development, as it maximum exists to day, is not conducive for the maximum utilisation of the potential for increasing agricultural production. Although, the Centre is responsible only for high level policies and coordination, it has developed a vastly proliferated bureaucracy.

This is due to its increasing concern in seeing to the implementation of the plans in the States. This is having adverse effect on the States, initiative in drawing up and implementing realistic plans.

Central Government, in the agricultural field, should concern mainly with the formulation of national plans for agricultural production, developing a land and water utilisation pattern, dealing with international assistance and collaborating, foreign trade, etc.

The funds for the plan schemes which are being operated under Article 282—discretionary powers—should be operated under Article 275—grants-in-aid. The terms of the next Finance Commission should cover these funds also.

A National Standing Commission of experts in agriculture and allied fields should be appointed to evolve land and water utilisation pattern for the country. This pattern should be the guide for the Centre and the States to use their resources to exploit their potentials fully.

The prevailing system of grants to the States from the Centre on an ad hoc basis should be stopped. It should be replaced by low interest long-term loans to the States.

A committee of Expert at the Government of India level should be appointed to process the schemes from the States asking for loans. This Committee should advise the Government of India on the technical and economic feasibility of the schemes.

An evaluation cell should be attached to the Board for Agricultural Development of the State level. This cell should not expand itself into a big organisation. It should make use of all other evaluation organisations already functioning both in the public and private sectors.

The Centre should refrain from entering into any field which is legitimately in the States' jurisdictions. On the other hand it should hand over immediately all the institutions concerned with agricultural research and education to the States while retaining only the All-India Institutions.

All-India corporations started by the centre in the public sector should be replaced by the Agricultural Development Corporations in the States. This should not apply to the Food Corporation of India.

The States should review the existing institutions, develop a rationalised pattern, eliminate duplication and overlapping, strengthen the remaining with proper equipment, competent and well paid staff, and adequate resources.

To ensure maintenance of standards in agricultural research and training, the Central Government should set up a National Accreditation Commission.

Memorandum of agreement should be introduced

between the Central and State Government agencies in respect of projects which need their Collaboration.

### Machinery For Planning For Agricultural Development

The academic and theoretical exercises and projections by the Planning Commission are poorly reflexed in performance.

Farmers' organisations should be encouraged from village level upwards, and should be represented on policy-making bodies and actively involved in the process of planning.

A District Council for Agricultural production should be set up at the district level, and be made responsible for approving the district plan for agricultural development and to review the performances.

A State Board for agricultural development should be set up at the State level. Its function should be approve the State Plan for agricultural development.

There should be an Export Committee to advise the State Boards on all matters coming up for consideration before it, including the plans for agricultural development.

The Planning Wings working in the different departments concerned with agricultural production should be merged together and a strong planning division should be set up in the Department of Agricultural Development in the States.

The Agricultural Division in the Planning Commission should be abolished forthwith as its continuance will only duplicate the work of the planning division in the Ministry of Agricultural Development.

There should be a small wing in the Ministry of Agricultural Development at the Centre for attending to the work relating to agricultural planning.

Cooperatives and the Panchayati Raj Institutions should be represented on the bodies set up for consideration and approval of plans and policies.

Administrative procedures should be simplified a great deal. The amount of scriptory work-load involved in the planning process should be very much reduced.

A technical manpower utilisation branch should be attached to the planning divisions both in the Department of Agricultural Development in the States and in the Ministry of Agricultural Development at the Centre.

The machinery for agricultural intelligence should be re-organised from the village to national level. It should be integrated with the pattern of agricultural administrative agency we have suggested. It should be made responsible for collection and process of all the data required for planning and other developmental functions.

### Food Policy

The present food situation is mere due to policies

and the administrative machinery than due to a mere short-falls in production alone.

The food policy has been more distribution oriented than production oriented. Although this may be a short-term measure, the tragedy is that it is having a severe setback on food production itself.

The large amounts of money which are being spent for importing foodgrains should have been utilised for stepping up indigenous production of fertilizers and to offer more remunerative support prices to farmers. That this has not been done all these years is a glaring mistake of our policy.

Instead of subsidizing the cost of imported foodgrains, the amount should be utilised for providing higher remunerative prices for farmers. The imported foodgrains should be utilised for building-up buffer stock.

Aggressive open market purchases would help in procuring more foodgrains and this will also stimulate increased production. The subsidy, which is presently being given to undersell the imported foodgrains, should be utilised for meeting the difference between higher purchase price in different States and lower selling prices.

When the private trade can handle the food distribution at a nominal charge, the State Trading has imposed a heavy financial burden on the Government, the policy has neither been helping farmers. Both from the point of view of consumers and producers, efficiency in food trading has to be ensured.

Adequate steps should be taken to modernise and improve the handling capacity at the ports to receive quickly and transport the imported grains, and also to facilitate quick handling of exports.

All impediments in the way of food production should be removed forthwith, and positive incentives offered. Government should handle the price mechanism to regulate production according to the needs.

Food production should be Commercialised. Any crop which is produced for the market should be treated as a commercial crop.

The State Zoncs should be abolished. The restrictions on movement of foodgrains between and within States should be removed.

We are not in favour of compulsory levy on producers as it exists now. It is ad hoc and not based on any rationale.

A National Grain Reserve should be built up. The farmer being a very important citizen of this country has also to take care of the non-farmer. Therefore, he should be legitimately expected to make a small contribution towards building up of the national grain reserve. The reserve should be built up by the following methods :—

(i) By entering into contract with farmers for pur-

chase of foodgrains. This should be started in the surplus districts;

(ii) Open market purchases in the surplus districts;

(iii) Purchase of grains in exchange for fertilizers to be given to farmers at concessional price. A system of coupons should be introduced to facilitate this procedure to operate;

(iv) Imports.

The problem of shortage of foodgrains should be handled not by checking the trade, but by freeing the market from the clutches, and allowing it to operate under the principle of Demand and Supply. Government can influence the market by building up sizeable buffer stocks to stabilise prices.

Government should not engage itself in buying, movement and selling of foodgrains. This should be entrusted to the Food Corporation of India which should function as the agent of the Government.

The Food Departments both at the Centre and in the States should be reduced to the barest minimum. This would result in considerable savings which could be better utilised to offer more incentives to farmers.

Fertilizer allocations to the States should be made in exchange for the foodgrains assured to be supplied to the central pool.

Food processing industries should be given all the help and financial assistance necessary for modernizing and improving their efficiency.

The technical know-how available in the Central Food Technological Research Institute should be fully utilized both, for modernization of the existing mills and for the manufacture of modern mills.

The policy of assisting the conventional rice mills by Government and N.C.D.C. is not a healthy trend and should, therefore, be discontinued.

Scientific standards should be prescribed for mills, and licences should be given only to those mills which conform to the standards.

The restriction, that only imported wheat should be milled in the roller flour mills, should be removed immediately.

The processing industries should be made up-to-date in marketing of wheat products. The products should be well packed, subject to inspection as to their quality and grades, 'agmarked' and then marketed.

The Food Corporation of India should be allowed to function in a free economy as a balancing agent. It should have the least control by Government. The F.C.I. should function as a commercial organisation in charge of both the internal procurement and movement of foodgrains and handling of imported foodgrains.

Import-Export policy regarding agricultural commodities should be more realistic. It should be cheaper to import certain commodities like sugar. If exports

are to be maintained and if agricultural commodities are to be available at cheaper prices, then the cost of production should be reduced. This is possible only by a suitable cropping pattern based on potentialities and suitability.

### Cooperative Farming

The experience from working of the large number of Cooperative Farming Societies in the country has clearly shown that these societies:

- (i) have not substantially contributed to increased agricultural productivity;
- (ii) have resulted in the wastage of resources and efforts;
- (iii) have not contributed to develop harmony and coordination among farmers; and
- (iv) have contributed only to the proliferation of Government machinery.

The objectives of Cooperative Farming Societies, namely, increasing agricultural production by pooling uneconomic holdings, has not been fulfilled. Experience from other countries, like Japan, has indicated that it is possible to modernise agriculture even with small holdings.

The policy of Government to developing and fostering these societies with set targets and special patronage has not contributed to increasing the productivity nor has it done any good to farmers.

Starting of 10,000 new Cooperative Farming Societies in the Fourth Plan period and the proposed allocation of Rs. 25 crores for this purpose should be dropped.

The existing 5,300 Cooperative Farming Societies should be screened on the basis of their contribution to increased agricultural production. Only these societies which have substantially increased agricultural production need be retained and all the rest closed down, the lands be distributed to the members who are cultivators.

Cooperative Farming Societies should be given any special privileges either directly or indirectly. These societies should be able to stand on their own merit, making use of whatever facilities and help available from the Government for agricultural development in general. Where farmers came together and organize themselves for economic enterprise, they should be given priority consideration in meeting their requirements of seeds, fertilizers, implements, machinery, credit etc.

The administrative hierarchy which has been set up for Cooperative Farming Societies should be disbanded.

The problem of uneconomic holdings should be solved by diversifying and intensifying agriculture which will provide more employment to the people.

### Organisation For Agricultural Research

A number of Commissions and Committees have examined the organisation for and conditions under which agricultural research is being carried out in this country. They have also made several recommendations. These recommendations (Summarised in the chapter) should be implemented quickly.

Agricultural Universities should be started in the remaining States also at the earliest possible time, if possible within the Fourth Plan itself. Towards this end, the Centre should take immediate steps in working-out the financial arrangements necessary for the States to start these Universities and make all promotional efforts to realise the objective.

A review of all the research stations and farms currently being run by the Centre should be made by a competent body of experts and action taken to close down such of the stations and farms which are not running on reasonable standards, and the remaining handed over to the States. The Centre should maintain only national and All-India Institutions and farms.

The Indian Council of Agricultural Research should be the only coordinating and sponsoring body for the aspects of research in agricultural Sciences. It should not undertake research directly.

The I.C.A.R. should be given statutory recognition by a Parliamentary Act.

An Expert Committee should review the various existing regional and sub stations maintained by the Centre. Those which are found to be not working efficiently should be closed down, and the rest handed over to the States. The Centre should confine itself to national and All-India Institutions.

The research work done by the All-India Boards, such as, Coffee Board, Tea Board, etc., should be controlled by the Agricultural Universities in their respective States. The funds for research on these crops may continue to be released by the respective Boards but these funds should pass through the Agricultural Universities.

The I.C.A.R. should set up High Level Export Committee in different Subject-matter areas to critically review the progress of research work with a view to avoid duplication and overlapping. These committees should also consider the proposals for starting new All-India Institutes which are presently before the Ministry of food and Agriculture. While starting the new institutions, it should be ensured that the facilities available on the existing farms, research stations and institutions are fully utilised.

There should be better and closer coordination between the Indian Council of Agricultural Research and other organisations presently engaged in promoting

and conducting research on aspects allied to agriculture. The I.C.A.R. should be the agency for bringing about this coordination.

Research work in all aspects of Agricultural Sciences should be made by the Concern of the Agricultural Universities, and the anomaly in regard to the pattern of assistance for the Agricultural Research Schemes which exists today should be removed immediately.

Vice-Chancellors of Agricultural Universities should be eminent men who have distinguished themselves in the field of agriculture or who have made outstanding contribution to the promotion of agricultural development.

Immediate steps should be taken to improve the working conditions of agricultural scientists in the country. They should be given more freedom of work and better facilities.

Agricultural Scientists should not be fitted into any particular cadre. Every Scientist should be individually recognised. We are not in favour of bringing their status down by fitting them into All-India Agricultural Research Service or any other cadre.

Agricultural Scientists should be placed on time scales of pay so that they need not be stuck up for want of vacancies at higher level. There should not be any bar for the creation of supernumerary posts to retain Competent Scientists in agricultural research work.

The emoluments of the agricultural scientists should be in no way inferior to those drawn by other services including the Indian Administrative Service. In fact, there is every justification for providing the agricultural scientists with scales of pay and prospects better than in the Indian Administrative Service.

Fraternities of Agricultural Scientists in different disciplines should be promoted and given all facilities to meet periodically for their professional advancement. This would help in bringing them together. It will be a great boost to their morale.

There should be provision for appointing reputed scientists on contractual basis for specified periods with the provision for renewing the contract at the end of the period subject to their performance and mutual agreement.

The financial allocations to agricultural research have been very meagre, compared to its need in the country. Adequate funds should be ensured to agricultural research both at the Centre and in the States. These funds should be given on block grant basis, and should be statutorily provided.

A favourable environment should be created for the industries to take a more direct interest in promoting agricultural research, and towards this end to earmark higher amounts of their net earnings to agricultural

research projects. The public sector industries should give a lead in this direction.

When once the funds are provided to the I.C.A.R. at the Centre and the Agricultural Universities in the States, and the budget approved, there should not be any interference by Government in regard to the utilisation of such fund.

There should be provision for annual report and critical assessment of research done both in the States and Central institutions, by selected reputed scientists for each year for each discipline. Such reports would be of more value to all Scientists, besides being invaluable in planning research programmes both of short-term and long-term basis after a review by high power panel of scientists in the concerned discipline.

### Organisation For Agricultural Education

There should be a better rural bias in general education. To facilitate this, radical changes should be introduced in the text books at the elementary and secondary stages of education.

The Teachers' Training Institutions for equipping agricultural teachers should be reorganised and brought within the fold of Agricultural Universities.

Agricultural education should be made truly vocational. Such of the Gram Sevaks' Training Centres, and other Training Institutions which are well-developed, should be converted into Agricultural Polytechnics. There should be close collaboration between the Agricultural Polytechnics and the various agro and agro-processing industries on the one hand and the Agricultural Universities on the other. Agro-and agro-processing industries should provide apprenticeship for students undergoing training into polytechnics.

The various programmes for educating farmers in improved agricultural practices and techniques have been more ad hoc, and hence are not serving the real purpose of educating farmers and of training them. The scheme of training farmers, their wives and their sons, which the Ministry of Food and Agriculture has initiated recently with an outlay of Rs. 14 crores for the Fourth Five-Year Plan period is not realistic. It helps in the proliferation of bureaucracy without any substantial results. Hence this scheme should be dropped.

The existing block seed farms and other farms maintained by the Agriculture and allied Departments and Agriculture Universities should be utilised for demonstration purposes. The block seed farms should be converted into seed cum demonstration farms. These farms should be the focal points for extension work in each block.

All the existing Agricultural Colleges, whether they be in the private management or under Government

Control, should be subjected to critical review by an accreditation team to be set up by the I.C.A.R. Government grants should be canalised to these institutions only on the basis of the reports of this team, and the entrance to Government jobs should be conditional on education in recognised institutions only.

There should be provision for apprenticeship for every Student in Colleges of Agricultural Sciences before he gets the degree. This should be for one year and completed on the farm or farms of recognised Scientific farmers approved by the University. This period should be recognised and paid for.

We would like the agricultural Sciences to be taught in regional languages. The Agricultural Universities should make arrangements as quickly as possible to promote the writing of regional language text books by technical experts and to prescribe these for the various courses. Till this materialises, it is necessary that English should continue as the medium of instruction. In recommending this, we are more concerned, with the need to ensure good Standards in agricultural education, as there are no suitable text books in regional languages in agricultural sciences. The post-graduate training in agricultural sciences should continue to be in English till adequate facilities by way of regional language text books and publications are available.

A National Council of Education in Agricultural Sciences should be constituted on the pattern of National Council of Rural Higher Education.

#### **Organisation For Agricultural Extension Work**

The Agricultural Extension agency has so far suffered from unrealistic attitudes and frequent changes in priorities and emphasis. The basic requirements of farmers and methods of approach to them have been largely neglected.

The extension agency should discharge the following functions :

- (i) To educate the farmers in Scientific agriculture and to enthrust them to adopt the same;
- (ii) To solve the problems of farmers in the field of agricultural production; and
- (iii) To ensure supplies and services to farmers required for agricultural production.

The responsibility for field-extension work should be with the Department of Agricultural Development. The pattern of agricultural administration we have suggested would be definitely more effective in serving the needs of farmers for increasing their agricultural production. The Seed-Cum-Demonstration Farms should be the focal points for extension work in the blocks.

Agro and agro-processing industries should play an effective role in contributing to increased agricultural

production through linking of processing, marketing and the Services including the extension of technical know-how to farmers.

Agricultural Universities should be responsible for strengthening and supporting the field extension agency; Subject-Matter Specialists being the link between the Department of Agricultural Development and the Agricultural Universities to facilitate flow of new ideas from the Universities to farmers and feed-back of agricultural problems of farmers to Universities.

Subject Matter Specialists at the State and District levels, appointed according to the requirements of the area, should be under the administrative and technical control of the Agricultural Universities. Subject Matter Technicians below the District level should be under the control of the Department of Agricultural Development. Effective intercourse should be maintained between the subject Matter specialist of the Universities and the Subject Matter Technicians of the Department to ensure that the field extension agency is continuously enriched in scientific knowledge.

The Directorate of Extension in the Ministry of Food, Agriculture, Community Development and co-operation aspects, national obligations and responsibilities pertaining to extension and Coordination among the States should be handled by a top level technical specialist in extension of the rank of a Joint Secretary. He should work in close coordination with the I.C.A.R.

#### **Agricultural Finance**

Lack of adequate and timely finances had been a major impediment in Indian agriculture. Caught in the various circles of low yields, meagre incomes, unproductive expenditure, poverty and debts, farmers have not been able to mobilise the necessary capital for investment in productive enterprises.

A dynamic movement for social reforms is called for. If unproductive expenditure has to be reduced and the savings mobilized for investment in productive enterprises, it will quicken the pace of development. The lead in this, should be given by others well placed in society and better educated than farmers.

Agricultural Development holds the key to economic growth. Since the savings and capital formation in agriculture are low, the resources have to be mobilised from all other sectors and channelled to the agricultural sector. Till such time farmers should increase their income and save enough to invest in agricultural productive enterprises. Government should provide the required capital and develop the infra-structure conducive for the flow of capital into the Agricultural Sector. Money lent to farmers for productive purposes would fight the forces of inflation,

The total credit requirements of farmers should be met. This should include their needs for production, marketing, processing, consumption and other domestic expenditure. Otherwise, farmers will be forced to divert the production loans to unproductive purposes and increase the borrowing from the traditional money-lenders. This will only perpetuate their indebtedness.

The Credit requirements of farmers as estimated by the Government of India are very inadequate. This calls for providing more incentives and creating a conducive infra-structure to enable all the banking agencies to take increasingly active role in lending credit to agricultural development.

The procedures for obtaining credit should be very much simplified.

If the farmers have to be saved from the grip of traditional money-lenders, more efficient system of credit, including marketing credit should be developed. The pace of progress of the organised banking sector should be quickened.

Government should not administer takkavi loans directly. It may use any of the existing banking agencies.

Agricultural Credit Corporations proposed to be started in some States should be dropped, and the existing financing agencies should be strengthened by removing their defects and deficiencies and giving them better support.

Judging from the experience gained. So far, it is not possible for the cooperatives alone to meet the entire credit requirements of farmers. It is, therefore, necessary to harness the resources of all other agencies for increasing the availability of credit of farmers. To achieve this purpose, all the agencies engaged in this task should be treated on equal terms. There should be no discrimination among them in regard to privileges and facilities by the Government. The necessary legislative and other conditions should be improved for other agencies also to develop their resources.

The three-tier structure of credit cooperatives should be reduced to two-tiers.

Farmer's Cooperative Bank should be constituted by converting the existing large-sized cooperative societies and by merging non-viable units of Primary Cooperative Societies.

There is no necessity to continue the Apex Banks, and hence these should be abolished. The District Cooperative Banks should continue. In view of the Banking Regulations Act being applied to cooperative banking, there is no necessity for an additional supervisory level at the State level. The part played by the Apex Banks should be taken over by the Reserve Bank of India.

The rate of interest charged to farmers should be reduced from the present 9 per cent to 7 and half per cent. The Reserve Bank of India should set apart half per cent in this to build a reserve to take care of the risks involved and also to effectively supervise the Cooperative Banking Institutions.

Government should make an initial contribution of Rs. 1 lakh to each of the Farmer's Banks by way of capital resources, 50 per cent in the form of share capital and 50 per cent in the form of long term loans repayable in 10 years. This should be in addition to the capital, the Farmer's Banks bring to themselves by the merged of the societies.

The State Bank of India should utilise these Farmers Banks instead their own branches in rural areas. When the State Bank of India opens branches in villages, its losses during the first three years are subsidised by the Government. Instead of subsidising these State Bank branches, Government should strengthen the Farmer's Banks by utilising the same.

There should not be any subsidy or contribution to managerial cost either to the Farmer's Banks or to other credit institutions. They should be run strictly on Commercial lines and to stand on their own feet.

If the cooperatives are to be a success their defects should be remedied with a strong will followed by firm decisions and actions. They should be able to stand against competition in the banking sector. Creation of competitive credit agencies will have a palliative effect on the working of the cooperatives. It will help farmers to have wide range of credit service to choose from.

Long-term loans should be for land improvement and taking into consideration the committed to debts of farmers. The security for these loans should be the land and the assets created on the land. Credit card system suggested will simplify the procedures and enable the farmers to draw on their credit-worthiness whenever they need. The short-term loans should be for production purposes only.

Since agro and agro-processing industries, Commercial Banks and Cooperatives are to enter the field of agricultural credit to farmers, there should be suitable checks designed to prevent a farmer from getting finances from more than one source at the same time. The system of credit cards, both for long term, medium terms and short-term loans will facilitate this.

The debentures raised by the Land Development and other Cooperative Banks should be made more attractively liberalising the conditions and by offering better incentives.

The restrictions imposed on rural debentures, that they are non-transferable and non-mortgageable, should be removed to make them more attractive. The debentures which are now being raised for agricultural



enterprises should be made tax free. The interest rate on these should be raised to attract investment by forming classes.

Debentures should be made transferable to Government to par value without loss.

Debentures raised by Land Development Banks, Agricultural Development Corporations, etc., meant for agricultural purposes should be made more attractive than the debentures raised by other agencies, such as, Electricity Board, etc. There should be provision for raising special land development debentures with ceilings on individual investment. This should be tax free and should be available on top just like National Savings Certificate.

Land Mortgage Bank should be able to raise loans from the L.I.C. pledging the records of people who have subscribed to the debentures. This can be done since debentures are raised with Government guarantee. This should be subject to the consent of Government, just as in the case of Electricity Boards.

All these facilities should be available to debentures raised by Agricultural Development Corporations also.

Working of Land Mortgage Banks still involves complicated procedures, such as elaborate enquiries, production of various documents, offering of adequate security, etc. These are coming in the way of timely disbursement of loans. Steps should, therefore be taken to see that no farmer is made to wait for more than a month from the date of application to get his loan sanctioned. Rules and regulations of the Land Mortgage Bank should be changed and simplified to be on the lines of the Commercial Banks.

If the land is mortgaged to the Land Mortgage Bank or Land Development Bank the farmer should be able to get additional accommodation whenever he wanted it for improving the land or for buying the equipment to install on his land without going through all the procedures once again. The system of credit card we have suggested will help in this regard.

The Reserve Bank of India should play a more dynamic role in regard to agricultural credit. Its policy today is more recovery-oriented than production-oriented. It should treat all Banks which extend agricultural credit to farmers on par. All banking institutions should be given the same treatment in respect of privileges, facilities, etc. There should be no discrimination on ideological or other grounds. The only basis should be whether an institution runs on strict banking principles or not.

The performance of the Agricultural Credit Department of the R.B.I. as well as that of other credit agencies should be judged by the amount borrowed and the number of farmers who have borrowed during a particular year and not by merely the quantum of

credit advanced.

The R.B.I. should support Commercial Banks and Agricultural Development Corporations by extending to them financial accommodation to the extent these institutions lend to farmers for agricultural development. This should become an accepted policy of the R.B.I. The R.B.I. should be responsible to make available the necessary financial resources for all these banking institutions keeping in view the total requirements of agricultural development including the development of agro and agro-processing industries, agricultural services of various types and credit to farmers—long, medium and short term.

All inhibiting factors in the case of Commercial Banks should be removed so that they can play a dynamic role in agricultural development by increasing their lending to agricultural enterprises.

A large section of farmers having land of prescribed value should be linked with the local commercial banks for their long-term farm credit requirements.

The Agricultural Debt Relief Act must be amended and relaxed in the case of Commercial Banks also.

Commercial Banks should be able to advance loans to farmers through intermediaries, such as, agro and agro-processing industries.

The Agricultural Refinance Corporation should advance and back up agricultural loans made by Commercial Banks.

Whenever commercial banks make direct advance for agricultural productions, they should be given the concession of raising, from the R.B.I. at the bank rate, the amount so advanced by exempting them from the provisions of liquidity ratio. Government should guarantee loans issued by banks to agro and agro-processing industries and also to other agricultural enterprises.

The agency that looks after the financial interests of farmers should also provide technical assistance. The R.B.I. should provide the necessary funds by discounting facilities to the extent of direct finances made to agricultural production other than plantation produce.

It should be incumbent on the Life Insurance Corporation of India to channel at least such of its resources which it gets from rural sector to productive enterprises in the rural areas. This should be through subscription of Special Land Development Debentures to be raised by the Land Development Banks or Agricultural Development Corporations.

The Food Corporation of India should be supported in providing credit and inputs to farmers in exchange for the grains to be sold by farmers to the Corporations.

Considerable savings should be effected by streamlining the administrative machinery on the lines we

have suggested in this report, and the savings invested in commercial enterprises.

#### **Agricultural Development Corporations For Each State**

The requirements of agricultural development in this country are of such magnitude that we have not been able to meet even a small part of this inspite of Government's efforts in all these years. Public sector undertakings and cooperatives have not been able to cater to the needs of farmers in regard to their production requisites.

National Level Co-operative for agricultural enterprises have not been of much help in stimulating for production and distribution of agricultural inputs. On the other hand, they have only proliferated national level organisations without stimulating the initiative and competence at the operational level engaged in agricultural development excepting the Food Corporation of India should be abolished.

The agro-industries corporations recently started in some of the States are not suitable for the purpose of promoting the production, distribution and marketing of agricultural inputs and for rendering various services to farmers. They should be reorganised and expanded, and their terms of reference changed to fit into the new proposal we are making herewith.

Each State should have a Development Corporation for promoting and supporting the agencies currently engaged or to be set up in the fields of production and marketing of agricultural inputs and in extending the various services to farmers. This corporation should not displace any organisation. It should not compete with any of the field agencies. Its responsibility is mainly promotional.

The Agricultural Development Corporation should be completely autonomous. Its operations should be purely commercial. Government control should be absolutely minimum.

The Agricultural Development Corporation should undertake the promotion of three major fields of activities, namely, Land Development, Supplies and Services and Development of Agro and Agro-Processing Industries. This it should take up by extending financial support to the agencies engaged on the field for these activities.

The capital of the Agricultural Development Corporation should come from Central and State Governments, Reserve Bank, Commercial Banks and Agricultural Refinance Corporations. Besides, the Corporations may also issue debentures guaranteed by Government. These Corporations should have at least Rs. 10 crores as their initial capital.

#### **Organisation For Development And Utilisation Of Irrigation Potential For Agricultural Production**

Water is probably the most important limiting factor

for agricultural production. Hardly 20 per cent of the cropped area is irrigated at present. In view of the limited water resources available in the country, wisdom lies in making the best use of these resources. As an insurance against the frequent recurrence of droughts which the country is experiencing, the most highly potential areas should be exploited on top priority mobilising all the resources.

Financial allocations to irrigation projects should be increased by postponing for the present less urgent and unproductive projects.

Highly potential areas, such as, the Gangetic Valley in the north and the deltaic area in the south, should receive top most consideration.

While the policy should be to concentrate immediately on highly potential areas, in the other areas with less or meagre irrigation potential, the policy should be to evolve a suitable agricultural pattern rather than investing large amounts without reference to the potential.

To ensure maximum utilisation of the irrigation potential created by irrigation projects, the entire command area should be treated as a block and a High-level Coordination Committee be constituted. The Agricultural Development Corporation should be entrusted with functions such as levelling of land, etc.

The Central Water and Power Commission should confine itself to the examination of inter-valley and inter-State projects and such others which involve high technical competence. All small projects within the technical competence of the States must be dealt with by the States themselves.

The C.W. & P.C. should investigate the ways in which the water resources could be utilised most economically and advice the States in this respect.

The C.W. & P.C. should investigate the possibilities and methods to divert the west-flowing river by constructing dams and reversing their courses east-wards for better utilisation.

Utilisation of river waters, particularly of such rivers which flow through more than one State, has created better disputes among the States involved. The situation demands urgent consideration.

A National Policy on Irrigation for the optimum utilisation of river water should be evolved. This policy should be discussed and accepted by the Parliament and implemented soon.

In accordance with the River Boards Act of 1956, a National River Board should be established for the purpose for which the Parliament has assigned it.

Irrigation should have first priority over water in preference to any other use. Accordingly, the potentiality for maximum irrigation should be the foremost consideration in designing of projects.

The primary consideration for approval of irrigation projects should be its contribution to increase production.

The irrigation policy in highly potential areas should be production-oriented and in less potential areas it should be protective-oriented. In the other areas with very little or meagre facilities for surface irrigation, investigation for underground water should be given the top-most consideration. Technical and financial resources should be made available without any limit for this purpose.

Farmers should pay water charges on the basis of quantum of water they use and not on the basis of crops they raise. This calls for suitable realignment of fields receiving irrigation water.

All technical aspects of minor irrigation projects, whatever may be the extent of area served, should be the responsibility of the Irrigation Departments in the States.

At the District level, the District Agricultural Development Officer should be the Coordinating Officer for all minor irrigation projects.

At the State level, a division of irrigation under the Department of Agricultural Development should be created to attend to agricultural aspects of irrigation.

The Agricultural Development Corporation which we have proposed, should promote through any suitable field organisation, providing irrigation facilities complete with pump sets with electric connections to farmers on a package basis.

While we have no objection to any agency maintaining the minor irrigation works, we are particular that it should be technically well-equipped with qualified and technical engineers and provided with adequate funds for maintenance.

The Exploratory Tubewells Organisation should be transferred from the Ministry of Food and Agriculture to the Ministry of Irrigation and Power.

The Ministry of Irrigation and Power should be the Coordinating Body for all the other departments involved in the investigation of under-ground water.

Minor irrigation should be redefined and treated as a package of services including sinking of wells, installation of pump sets and provision of power supply. Rules and regulations for the use of minor irrigation potential must be relaxed and simplified.

The Electricity Boards should draw lines in river valleys and in potential areas irrespective of whether there is current demand by farmers or not. This will promote farmers to dig wells and to get electric connections for their pump sets. Any loss in this connection which the Electricity Board may incur should be made good by the Government.

The rates for electric energy supplied to agriculturists

should be brought down at least to be on par with that charged at large industries.

Collection of charges for electric energy sold to farmers for agricultural purposes should be once in 6 months or it should coincide with the harvesting periods.

River gauging and discharge stations should be administered by the States' Irrigation Departments and not by the C.W.P.C.

Both irrigation and drainage should be considered together in designing irrigation projects. The land Development Corporation proposed to be set up by the Government of India is not necessary and hence Government should not proceed with it. The Agricultural Development Corporation would be far better in promoting the reclamation and development of waste lands as well as marshy saline lands.

Extensive studies should be immediately initiated to find out cropping patterns which will produce optimum yields of crops making minimum demands of water.

Research and Studies on dry farming should receive far more urgent consideration and should be supported by adequate financial resources.

### Production, Distribution And Marketing Of Agricultural Inputs

**Improved Seeds :** Quality seeds are a valuable asset for obtaining high yields of crops. The programme of production and distribution of quality seeds of improved varieties of crops, which was crystallised on the basis of concrete programme formulated by the Special Committee of the I.C.A.R. in 1958 has not been implemented effectively all over the country. Many defects have been noticed in this programme by the various Committees which have studied this aspect. These defects have not been remedied with a strong will. Cooperatives have so far played very little part in the promotion of private seed industry and is in confusion since Government also has been starting large State Seed Farms, besides a large number of block seed farms.

There is no necessity for the Central Varieties Release Committee, and hence it should be abolished. The State Varieties Release Committee should be set up immediately in all the States.

Government should not directly engage itself in the production, distribution and marketing of seeds. Its business should be in promoting research work and in strengthening commercial agencies engaged in this task.

There should be a clear definition of duties and functions of the various agencies engaged in the production, distribution and marketing of improved varieties of seeds. While the Research Stations should make available adequate quantities of nucleus seeds, the actual

production and distribution of seeds should be left to the seed industry, whether in the public or private sector, as long as they run on commercial lines. While the cooperatives may continue this task, they should not be given any monopoly or special privileges or facilities. Panchayati Raj institutions should not handle this job.

The State Departments of Agriculture should be responsible for certifying any quality of seeds entering into seed market, licensing the producers and distributors, implementation of Seed Act, and in general, for promoting the growth of an efficient seed industry.

There are more than 4,000 block seed farms. They should be converted into Seed-cum-Demonstration farms by providing them with the necessary financial and technical help and operational freedom, besides posting competent men to be in charge of these farms. It would be unwise to close down a large number of block seed farms already started. They should serve the purpose of effective demonstration.

Government should immediately stop going ahead with the establishment of large State Seed Farms. The Suratgarh Farm is already a sad experience to reveal, apart from heavy losses being incurred annually. The Committed Soviet assistance should be utilised for more productive purposes and particularly for strengthening the seed industry, after negotiations with the Soviet Government.

There is no need either for the National Seed Corporation or for the State Seed Corporations. The Agricultural Development Corporations in the States should be able to promote the seed industry.

The Seed Act should be comprehensive as to include plant materials also.

The Seed Act should be reviewed in the light of the various recommendations made by us and suitable changes introduced.

Quarantine Service should be strengthened and all points of entry of plant and seed materials into the country should be covered by quarantine stations staffed by competent persons.

**Fertilizers:** Consumption of fertilizers in India is exceedingly low as compared to either the world average or that of other developed countries. The low consumption is due to several factors, of which the high cost of fertilizers in this country and inadequate supply of fertilizers are two main reasons.

It's definitely a mistake for not having given due priority and emphasis for fertilizer production in the early years of our planning. At least now, all the concessions necessary for stimulating foreign collaboration and investment in starting fertilizer industries in this country should be offered. It is no use, placed as we are in a very critical situation, to continue to be swayed by ideological considerations as to the public sector

undertakings. Further liberalising the concessions may even affect the public sector concerns. This is a price we should pay for. On the other hand, it is an opportunity for the public sector undertakings to improve their efficiency and survive in a competitive market or to vanish.

The cost of fertilizers should be brought down. This pre-supposes improving the efficiency of all the existing factories. The Fertilizer Corporation of India should give urgent consideration, design plants for manufacturing liquid ammonia and solid fertilizers making the full use of the latest techniques. Import duty on fertilizer equipment should be abolished at least for the time being.

Sales-tax, Municipal Tax, Excise Duty and other taxes, levied on fertilizers, should also be abolished.

The foreign exchange allocations required for import of fertilizers should be given priority over the import of foodgrains. It is necessary to enter into long-term contracts with foreign producers to ensure steady supply of fertilizers.

Mechanisation of composting should be introduced effectively. Experience from countries like Holland and Germany should be utilised for this purpose.

The proposal to establish a Fertilizer Promotion Corporation at the Centre should be dropped.

Distribution and marketing of fertilizers should not be undertaken by the Agricultural Department. It should be left to the fertilizer factories to develop their own wholesale and retail agencies for this purpose.

Fertilizer factories should be facilitated and encouraged to take up distribution of fertilizers and other agricultural inputs on the same lines as petroleum and automobile fuels are presently distributed, thereby that farmers may be able to get at one place all their agricultural requirements.

Fertilizer industries, their wholesalers and retailers should provide a part of their credit required by farmers to go in for fertilizers. The Agricultural Development Corporation should support the industries in rendering this service to farmers.

When cooperatives sanction production loans it should be in production components. Coupons for various inputs should be issued so that farmers may get their inputs against the coupons either in the cooperatives or with any other retailers. This will avoid the inconvenience to farmers when there is no fertilizer in a particular agency.

The Comprehensive Fertilizer Bill which is said to be under preparation should ensure that the distribution of sub-standard and spurious products by the culprits, whether they be distributors or manufacturers on the basis of the reports of chemical analysis of fertilizers should be stopped.

The agricultural administrative agency should be

strengthened to be able to have to direct control on mal-practices in fertilizer quality and distribution.

**Plant Protection :** Plant protection in India demands top-most consideration. Emphasis so far given to it is very meagre. Substantially more resources, therefore, should be mobilised to expand and strengthen the indigenous agricultural chemicals' industry and to encourage the growth of an effective field organisation for rendering the required services.

Local production of power operated plant protection equipment should be stepped up by providing to the firms with all incentives and facilities necessary, and by abolishing the system of licensing both for the establishment of new units as well as for the expansion of the existing units.

Government should not operate the aircrafts or as a matter of fact any other plant protection equipment for giving plant protection service to farmers. It should be left to the commercial organisations, whether in the public or private sector.

Foreign exchange requirements for the import of raw materials and technical grades for the manufacture and formulation of pesticides and weedicides should be met in full.

The restrictions in regard to licensing system and export of a certain percentage of production as a condition, etc., imposed on the indigenous pesticides manufacturing industries should be removed.

A High-power Committee at the All-India level should be appointed to screen the large number of pesticides and fungicides which are currently in the market, and to approve only the minimum number of chemicals keeping in view their cost and effectiveness.

All the 14 Central Plant Protection Stations now administered directly by the Directorate of PPQ and S in the Ministry of Food, Agriculture, C.D. and Co-operation should be handed over to the respective States.

The Directorate of PPQ and S, as it is now, should be abolished.

The Ministry of Agricultural Development which we have proposed, should have a top level specialists supported by a minimum number of assistants in the Agricultural Production Division to look after locust control, quarantine service, international obligations, national problems and policies and inter-State coordination.

The Training-cum-field Station for Plant Protection work located at Hyderabad and administered by the Directorate of PPQ and S should be closed and the functions taken over by the I.A.R.I. There is no necessity for an All-India Institute of Plant Protection proposed by the Working Group for the 4th Plan.

At the State level, the Plant Protection Organisation should be integrated in the Department of Agricultural Development. Plant Protection Stations now operating

in the various departments concerned with agricultural production should be brought together to work as a branch of the Division of Agricultural Supplies and Services in the proposed Department of Agricultural Development.

The Chief Plant Protection Officer at the State level should be technically trained in the plant protection work and should work in close collaboration with Agricultural University on the one hand and the Plant Protection equipment and chemicals manufacturing and distributing agencies on the other.

There is no need for a large number of Plant Protection Officers at lower levels since the commercial agencies should undertake distribution and marketing of equipments and chemicals and also rendering service on customs or hire basis. Only a few well qualified and suitably trained staff at the District level will do.

Panchayati Raj Institutions should not be allowed to handle either the sales or the service operations connected with plant protection. Cooperatives should not be given any monopoly in this sphere. They may be used by the manufacturers of equipments and chemicals as their wholesalers or retailers.

The Directorate of PPQ and S need not to undertake national surveys of storage structures and practices as this is being taken up by other agencies. The financial provisions proposed for this work should be dropped.

All steps should be taken to help farmers in constructing improved storage structures or in remodelling their existing structures.

National Rodent Eradication Campaign should be organised on the lines of the National Malaria Eradication Campaign. The Ministry of Agricultural Development should be in charge of this campaign.

Considering the magnitude of the problem involved in controlling rodents, we strongly suggest that suitable incentives should be offered for attracting private agencies to take up rodent control work on commercial basis.

The Pests and Diseases Acts in force in the States should be reviewed to provide for clear responsibility for Agricultural Development Department to act.

The Acts should be reviewed to ensure coverage of seed merchants, cold storages, godowns, etc.

The Insecticides Bill before the Parliament should be reviewed keeping in view the interest of chemical industries producing insecticides and fungicides.

Forecasting and Warning Service should be developed in the Department of Agricultural Development for rendering timely warning and service to farmers in combating the pests and disease attacks on their crops.

**Agricultural Implements and Machinery :** The scope for intensification, diversification and industrialisation of Indian agriculture is so vast that there is ample justi-

fication for not standing in the way of mechanising Indian agriculture.

The progress so far made in regard to production and popularisation of improved agricultural implements and machinery has not been satisfactory as judged from the results.

The various reviews and studies made in regard to this programme have revealed a number of defects and deficiencies in the programme.

Instead of removing these defects and deficiencies, Government has been taking upon itself the task of production and distribution of agricultural implements and machinery. With this in view, a number of schemes are being proposed. Instead of meeting the needs of the firms presently engaged in the manufacture and distribution of implements and machinery, Government has been proposing to start a number of workshops in the public sector. Although it has been the Government's intention to bring down the prices of implements and machinery by directly undertaking their production, it has not been fulfilled due to inefficiency of public sector undertakings. On the other hand, this is discouraging the industries in the private sector which are already in the business.

Government's responsibility in regard to production and popularisation of agricultural implements and machinery should be to promote research, testing standardisation, production of proto-types, extending financial support, quality control, quality marking, demonstration and education. Government should confine to these activities.

Although the present licensed capacity for the production of power tillers and tractors is enough to meet the current demands, as estimated by the Planning Commission, Government has been trying to import large number of foreign tractors. This is having an adverse effect on the indigenous tractor industry. Besides, the public sector tractor manufacturing industry proposed to be started by the Government with foreign collaboration is superfluous and would not promote the growth of efficient tractor manufacturing industry in the country.

Government should therefore, not start the public sector factory for the manufacturing of power tillers and tractors. The Agricultural Implements Corporation proposed to be started at the national level is superfluous and hence should not be started.

The proposal to start the State level and Block level workshops with an investment of Rs. 24 crores in the public sector should be dropped. Such of the workshops which are already established by Government should be converted into commercial enterprises and should not receive any subsidies from Government.

The proposal of setting up 15 Machinery-cum-Hire

Stations with the aid of Russian Credit and Equipment are also unnecessary and hence Government should not proceed with it. On the other hand, the existing firms should be strengthened by providing proper facilities.

The Argo-Industries Corporations which have been set up in 5 States and are proposed to be set up in the remaining States, should be changed into Agricultural Development Corporations by expanding their financial resources and by redefining their objectives and functions.

Government and the Agricultural Development Corporations should support the manufacturers and fabricators by offering guarantees to loans to be raised by them from the Commercial Banks, etc.

Procedures for obtaining licences for import of equipments should be simplified. Steel should be supplied at cost price to small scale industries manufacturing agricultural implements and machinery. This facility is already being given to industries producing for export. Agricultural implements and machinery manufacturing industry deserves equal treatment.

Licensing system for the manufacture of these inputs should also be abolished forthwith to enable large number of firms manufacturing these inputs to come into existence so that prices can get established at a lower level in the competitive market.

Research in agricultural engineering should be strengthened. The corresponding division of the I.A.R.I. at the Centre and the Agricultural Universities in the States should play a prominent role in initiating and conducting research on various aspects of agricultural engineering. All aspects of research in agricultural engineering should be handed over to the Agricultural Universities. The 17 Research-cum-Testing units presently administered by the Ministry of F and A should be handed over to the Agricultural Universities in the States.

Government should not recommend any implement or machinery to farmers unless these are tested and ensured as to their suitability to local conditions. Supplies of spares as well as service facilities should also be ensured.

Standardisation of all improved agricultural implements and machinery should be expedited. The quality control, marking and inspection of agricultural implements and machinery is an urgent necessity. The required staff for this purpose in the district should work under the District Agricultural Development Officer. The 4th Plan Scheme proposed for this purpose should be re-examined to be fitted into the district set up.

Manufacturing and distribution of proto-types conforming to the standards prescribed in respect of agricultural implements and machinery should be entrusted to the Agricultural Universities or established reliable

firms.

All subsidies presently being given to farmers with a view to popularise agricultural implements and machinery should be discontinued. On the other hand, prices of agricultural implements and machinery should be brought down by promoting efficient working of the inputs manufacturing industries, and by abolishing Sales-tax and other taxes on these.

Posts in the Agricultural Engineering Division should be filled up by the qualified agricultural engineers. Those who are not qualified at present should be gradually replaced by qualified agricultural engineers.

The fear that engineers do not have employment opportunities is unfounded. They can start a number of enterprises and the scopes are unlimited, particularly, in mechanising Indian agriculture. Government should provide all facilities and incentives for entrepreneurs to start industries manufacturing agricultural implements and machinery.

**Organisation for Agricultural Marketing :** While an efficient and reliable marketing system by itself can stimulate the increased agricultural productions, lack of the same can reduce the impact on any number of production programmes.

The pace of progress in building up an efficient marketing system has not been satisfactory either in the coverage or in gaining the confidence of farmers.

The State Trading on foodgrains which the Government has undertaken during recent years has dislocated the normal trade channels in the country. Government should not engage itself in buying and selling agricultural commodities. In regard to the foodgrains, the F.C.I. should act as the sole agent of Government. Regarding other commodities the normal trade channels should be allowed to operate, Government can exercise control over these to regulate the trade for the benefit of all sections of the community.

Government should concentrate on regulation of markets, enforcement of legal provisions, fixing support prices, fixing and inspecting standards and grades for agricultural products, fixing inspecting weights and measures, conducting market surveys and intelligence, and extending market information for the benefit of producers, traders and consumers.

Cooperative marketing has not developed in spite of the support given to it. The volume of agricultural produce handled by Cooperative Marketing Institutions is still very insignificant. They are not protecting the interests of farmers in ensuring the best possible prices for their produce. The defects in the Cooperatives Marketing Institutions have to be removed and marketing operations will be conducted on a more realistic basis following business principles.

Cooperative Marketing Societies at the primary level

should be called 'Farmers' Marketing Cooperative Societies'.

These societies should be given Rs. 1 lakh each, of which 50 per cent towards its share capital and the remaining 50 per cent as loan repayable in 10 years. These societies should provide storage, grading and other facilities to farmers.

Farmers' Banks (which we have recommended) should simplify the procedures and lend money against stocks in the godowns of farmers, provided they satisfy the conditions to be fixed by the banks.

Marketing Societies should issue certificates to farmers on the basis of produce brought into the Societies. These certificates should be valid tenders for the Farmers' Banks or Commercial Banks to advance loans to farmers.

Farmers should be able to get 30 per cent of the current value of the produce when they bring it to the Marketing Societies and enter into a contract with them for sale of their produce. This advance should be interest free. They should be entitled to another 20 per cent as advance with interest. The contract should be tenable for three months, within which the farmers should be free to tell the Marketing Societies when to sell their produce. If the produce is disposed of at the instance of the farmer during this period, he has to pay interest on all the advances he has taken. With a view to facilitate this practice, the Federation of Marketing Societies at the State level may fix seasonal price at which the Marketing Societies can enter into contract with the farmers. The Federation of Marketing Societies, in turn, may enter into a contract with the F.C.I.

In the alternative, farmers should have facilities to keep their produce with the societies for disposal at the best possible price and on advice by farmers.

Linking credit with marketing has not progressed much excepting in the case of agro-processing industries. In view of this, all possible encouragement should be given to the existing agro processing industries and to start new ones. Necessary financial assistance for extending credit to farmers and to build storage facilities should be ensured to these industries.

Storage facilities should be developed at various levels including farmers' level. Cold storage should deliberately be introduced in the rural areas. Preference should be given to farmers and their organisations in establishing these. Agricultural Development Corporation should promote the establishment and running of these cold storages.

Procedures for getting loans against warehouse receipts should be simplified. It should be incumbent on the Government and the F.C.I. to make use of warehouse facilities to the fullest extent. It is only after obtaining a certificate from the warehouses as to want



of storage space, other accommodation should be arranged.

There should be complete coordination in the construction of new storage structures between the Government, the F.C.I. and the Warehousing Corporations, to avoid unnecessary duplication. Preference should be given to farmers level, market centres, and agro-processing industries in the construction of new warehouses.

Warehousing should be made an economic proposition to farmers. Its service charges are very high and should be reduced.

The National Cooperative Development Corporation should be immediately abolished as it is an unnecessary intermediary between the Government of India and the States. The resources of the Government of India should be made available to the Agricultural Development Corporations for promoting various interests in agricultural development on commercial lines.

The administrative organisation for agricultural marketing at the State level should be integrated with the Department of Agriculture Development. A Division of Agricultural Marketing under the Commissioner for Agricultural Development should be established. The Commissioner should be the Chief Marketing Officer.

The marketing staff in the district including those currently assigned for inspecting weights and measures should be under the District Agricultural Development Officer.

Most of the functions which the Directorate of Marketing and Inspection at the Government of India level is performing at present should be transferred to I.C.A.R. (Research) and the States.

Excepting the National Laboratories which should continue under the control of the Government of India, all regional and branch laboratories and offices of the D.M.I. should be handed over to the States. In the Centre, the Division of Agricultural Marketing should deal with national surveys, fixing grades and standards for agricultural produce, inspection of export commodities, international problems and co-ordination among the States.

Fixing the standards and grades for agricultural produce should be the responsibility of the Division of Agricultural Marketing; there is no necessity for this function to be carried out by the other agencies, such as Indian Standards Institute, Export Inspection Council, etc.

#### Role Of Agro And Agro-Processing Industries In Agricultural Development—Vertical Integration of Agriculture

The Problem of large number of uneconomic holdings in India can be solved by vertical integration and

not by horizontal integration. Experience has confirmed this.

Vertical integration of Indian agriculture implies linking farmers with agro and agro-processing industries in respect of their requirements, such as credit inputs, marketing and processing and in turn farmers supplying their agricultural produce to these industries. This is a symbiotic relationship between the farmers and these industries for their mutual advantage and prosperity.

Large number of agro and agro-processing industries should be started in rural areas and linked up with farmers. If a sizeable segment of Indian agriculture is organised in the vertical integration pattern, Government will be relieved of many of the functions which it now performs, rather poorly. Government will be left free to concentrate on its legitimate activities and responsibilities.

Where sugar factories are not working profitably, our efforts should be to increase the productivity of land through research, and to improve the efficiency of the sugar factories.

Experience in the working of a large number of Dairy Milk Projects has clearly shown that unless these enterprises are run on business principles, it is not possible either to stimulate milk production in the rural areas or to ensure quality milk supply at reasonable price to consumers. Government should not run Dairy Milk Projects directly. All the Dairy Milk Projects which are now being run by Government should be converted into commercial enterprises in the public sector, or in the private sector with Government participation in the capital. The Board of Directors should have men with sufficient experience in trade and business, particularly in regard to milk and milk products, trade.

Government should stop all subsidies to the Dairy Milk Projects. Government deputed officials working in these projects should be replaced by commercially trained personnel.

The experience of Kaira District Cooperative Milk Producer's Union should be gainfully utilised in managing the Dairy Milk Projects.

The artificial low price of liquid milk should be increased to remunerative level and the profit from the project should be used in increasing the milk production in the area.

Rice and wheat flour mills should be modernised and cleaning and drying units should be added on to these.

Rice and wheat and their products from these units should be properly packed and sold after quality control inspection to avoid adulteration by merchants and traders.

These mills should be assisted with financial facilities for construction of scientific storage capacity and to

advance money to farmers against their stored produce.

Mills should act as milling agents for farmers and merchants. Commercial Banks and other credit agencies should not finance merchants, but should advance money to those mills who in turn will advance to farmers.

Government should play a more effective role in protecting the interests of both the farmers and mills in respect of vegetable oil industry. Mills should not be allowed to act as traders, but they should function as producers mainly.

All encouragement and facilities including financial support should be given to entrepreneurs to start food processing industry in large numbers in the country.

Financial resources which are now being spent on programmes like Applied Nutrition Programme and the several schemes in the Horticulture Department should be mobilised and used for helping entrepreneurs in starting a large number of fruit and vegetable industries in rural areas. This can provide a more powerful stimulus to increase fruit and vegetable production than by spending more money on the extension of Horticulture Departments.

Development of fisheries should be stimulated by linking fishermen with fish processing industries in regard to supply of equipment, credit and other facilities.

Fish processing industries should be well disposed throughout the country to cater to the needs of different urban centres without recourse to too much of transportation.

Government should encourage or set up on its own the input industries supplying the raw materials for agricultural input industries, for example supply of steel for the manufacture of agricultural implements, etc.

Government must provide the foreign exchange necessary for setting up of these industries and for their maintenance, imports, etc.

The Department of Agricultural Development should play a vital role in protecting the interests of both the farmers and consumers, regulating the relationship between the processing industries, farmers and consumers.

#### **Role Of Farmers' Organisations In Stepping Up Agricultural Production**

Although agriculture constitutes the single largest economic enterprise in this country, it is handicapped by the lack of farmers' organisations, representing the different interests of farmers, and powerful enough to influence policies and programmes at the Government level. While all the other sections of the society have been organising themselves for bringing pressure on Government to protect their interests, farmers are still largely lacking organisation.

The farmers' organisations which are presently working rather mainly at higher levels, are not truly representatives of farmers in the villages. Moreover, they are dependent on Government finance for their activities with the result they have little freedom to operate and to influence Government policies affecting farmers and farming profession.

Cooperatives and Panchayati Raj Institutions, have not developed in this country as farmers' organisations. Vested interests have taken the cooperatives away from the actual needs and problems of the majority of farmers. Farmers do not have even a voice in the working of cooperatives. Panchayati Raj Institutions have developed parochial attitude, and their interests are mainly with regard to distribution of grants, subsidies, loans and scarce materials. Farmers' interests are largely ignored even here.

Farmers' organisations should be deliberately encouraged from the village level upwards. These should be done not by giving financial grants and subsidies, but by entrusting definite functions to these organisations at each level.

Farmers' organisations should be represented on the policy-making bodies at their respective levels.

They should be free to undertake any specific project contributing to agricultural development and to obtain financial and technical assistance from Government on the same pattern which is available to any other organisation.

#### **Administration Of Soil And Water Conservation Programme**

Soil and water erosion has been causing a great deal of damage in the country, and this has been one of the major factors impeding our efforts to raise agricultural productivity in India.

Efforts so far made to check soil and water erosion is the problem at this rate, it may take another 20 to 25 years before the entire country is covered with soil and water conservation, that too not in an intensive way. In view of the importance of soil and water conservation to increase the productivity of land, it is of paramount importance that top-most priority should be given to this.

The present practice of the different agencies conducting soil surveys in accordance with their own methods should be discontinued, as it amounts to wastage of resources. Soil surveys should be standardised. The Centre should evolve and prescribe the standard pattern for conducting these surveys. The Centre should not engage itself in conducting surveys, but should leave it to the States. A Small Technical Review Committee should be constituted at the Centre and this should review the soil survey work undertaken

in the States. In respect of river basis extending beyond a State, a Special Board may be constituted for this purpose.

Soil and water conservation should be taken up in a comprehensive way including all the measures recommended, and taking a river basin or a watershed as a unit. The present policy taking up the several measures as separate scheme should be discontinued as it amounts to wastage of resources without bringing commensurate results.

The soil and water conservation administration in the States, which is presently split up into a separate department, should be integrated and brought under the direct control of the Department of Agricultural Development.

The Division of Soil and Water Conservation in the Ministry of Agriculture at the Centre should be reorganised, after transferring all research work to the I.C.A.R. Research-cum-Training Stations to the concerned States for being administered by the Agricultural Universities, and the other aspects to the States.

Soil science division of the I.A.R.I. should be reorganised strengthened and developed as a Soil Science Institute.

The Agricultural Departments in the States should not administer the non-technical aspects of soil conservation. They should confine to preparation of plans and estimates, supervising the implementation of projects, and giving technical guidance to the implementing agencies and farmers.

The actual work of implementing the soil and water conservation measures should be left to commercial agencies.

The financial resources available to these programmes should be increased to ensure that comprehensive soil and water conservation measures are undertaken throughout the country within the next 10 to 14 years the most.

The existing legislative measures should be reviewed with a view to simplify the procedures and to provide a definite role to the local farmers organisations which would be actively involved in implementing soil and water conservation programmes.

Research agencies at the National and State levels should be equipped with adequate financial resources and competent staff to concentrate more on soil and water conservation measures in rain-fed and water lagged areas.

#### Organisation For Live-Stock Development

Live-stock development in this country has not received its due attention all these years. Instead of suppliers of food, our cattle have been a source of drain on the meagre food supplies in the country. We do not

have a rational food policy, neither a feed grain policy. While the cattle at home are starving, cattle feed is exported. While large quantities of milk powder and milk products are imported, the dairy milk products are allowed to run inefficiently incurring heavy losses and without working to their fully capacity. Cow in India has become more a sentimental problem than an economic one.

The organisation for live-stock development has 'veterinary dominated' and 'disease control' oriented. It is an independent department working in isolation with other departments concerned with agricultural production. This has led to a number of uncoordinated efforts with wastage of financial and technical resources.

The organisation for live-stock development should be integrated in a Agricultural Development Department as proposed. The Veterinary section should be separated and an Animal Husbandry section should be integrated with the Agricultural Development staff. The District Agricultural Development Officer should be in overall charge of the live-stock development in the district.

The Animal Husbandry Division in the Ministry of Food and Agriculture should be abolished by transferring all the research schemes to the I.C.A.R. and Agricultural Universities, and by handing over most of its functions to the States. Only high level Experts in Animal Husbandry should be attached to the Production Division of the Ministry of Agricultural Development.

Schematic approach to live-stock development should be done away with immediately as it amounts to duplication and wastage of funds and manpower. The funds proposed for the various schemes in the Fourth Plan which amount to Rs. 164 crores should be better utilised by transferring the funds for research work to I.C.A.R. and funds for development to stimulate live-stock industry through the Agricultural Development Corporation in the States.

Most of the schemes which are being run by semi-Government organisations and councils, should be dealt with directly by the Government. These organisations should play only a promotional role.

The live-stock industry should be stimulated all over the country, and all encouragement and facilities should be given for starting and managing these industries on commercial lines without discrimination and the public cooperatives and public sector should play only a promotional role, and should not administer the schemes.

There should be a definite feed grain policy in the country. Export of cattle feed should be banned.

There is no necessity for the All-India Fishery Deve-

lopment Corporation. At best it can continue as a corporation for handling and processing of fish, and there should not be any Government subsidy or grants.

Instead of handline fishery development programme in a haphazard manner, we should allow fishery industry to gain momentum by providing it with suitable incentive. There is great scope for private enterprises in regard to production, transporting and marketing of fish and fish products. These should be promoted. Government should confine itself to research and extension works in regard to fishery development, leaving the rest to industries and commercial organisations.

Fishery Extension work being carried out by the Government of India agency should be handed over to the States immediately.

Agricultural Development has not been considered along as a national problem, and consequently it has been given the dominant place it deserves in the national economy.

Community Development and Panchayati Raj have not substantially contributed to increased agricultural production. The objective of coordinating the various services to farmers at local levels have not been fulfilled. On the other hand, these programmes have led to frustration. Agricultural production is of paramount importance and urgency in the country, and we cannot afford to play about with fads. The urgent need, today in the country, is to build up a single line command in agricultural administration from village to State level fully responsible for failures and successes measured in terms of its contribution to increased agricultural production.

The successive strategies in agricultural production, the schematic approach followed during the Five-Year Plans, and the target approach have not served the purpose of increasing agricultural production quickly in the country. What is urgently required is to build up institution which will provide cheap credit to farmers, and which will provide an efficient marketing system. An agricultural production is the need of the hour. Government should concentrate on building-up such an infra-structure backed up by realistic policies.

Policies in regard to staffing of posts in agricultural administration should be immediately changed so that Technical Experts can occupy key posts and look forward to their professional advancement and career prospects.

Staff members in agricultural administration should receive remuneration at least equal to that received by personnel in other technical departments at their corresponding levels. In view of the importance and urgency for increasing agricultural production, there is every justification for the staff in the agricultural administra-

tion to receive higher scales of remuneration.

The criteria in filling up posts in agricultural administration should be qualification and competence of persons to occupy the respective posts and not their seniority alone. This rule should be applied to all posts irrespective of the level, including the Secretary in the Ministry of Agricultural Development at the Centre.

The present policies in regard to recruitment and promotion of staff in agricultural administration stand in the way of their professional advancement. Frequent transfers have aggravated this further.

Recruitment to various posts should be done by Expert Committees at various levels, particularly at the District and State level's. Recruitment to State level posts should be done by a committee on which a few outstanding experts from outside the State should also be represented.

The various posts in agricultural administration should be categorised according to the functions, and the requirements of staff to occupy these posts should be clearly defined on this basis. There should be a provision for direct recruitment to some of these posts. There should also be a provision for appointing experts, who are known for their valuable contributions in their specialised fields of agricultural production to key posts at all levels. There should not be any bar in recruiting people directly from outside the Government service on contractual basis.

There should be provision for supernumerary posts at all levels, 10 to 15 per cent of the posts should be reserved for this so that when competent persons are promoted and have to shift from their present jobs, they could be retained in the same jobs by giving them higher emoluments. The Fundamental Rules in regard to promotion, protection of emoluments, etc., of staff members in agricultural administration, should accordingly be changed.

There should be complete decentralisation of functions and responsibilities in agricultural administration. The secretariat at the State level should confine only to policy matters, legislative functions and servicing the Cabinet. The executive department should be given complete freedom to implement the policies. There should not be any interference from the secretariat level. The head of the department should have all the powers so that he may not approach the secretariat frequently for sanctions and approvals on routine matters including administrative matters.

The agricultural administration should be transformed into a service organisation. The rules and procedures should be simplified. The staff should be given training in this aspect. The lead in this should be given at higher levels.

The administrative work—load of the staff members

in agricultural administration should be reduced. The scriptory work—load should be rationalised so that it may be reduced to the barest minimum. The personnel in agricultural administration should be trained adequately both in the subject matter fields and also in agricultural administrative aspects. While the subject matter training should be the concern of the Agricultural Universities, training in agricultural administration should be organised by the Department of Agricultural Development in collaboration with the various agro-industrial concerns, Agricultural Development Corporations, Agricultural Universities and financing banks. The training facilities already available, particularly in the Orientation and study centres, should be made use of for this.

Since agricultural administration can not be reformed in isolation of other branches of administration, it is necessary that streamlining of the administration is initiated forthwith at all levels and in all spheres. Rationalising the agricultural administration is very urgent in view of the critical situation, the country is facing in regard to the supplies of food and other agricultural products, and hence this should not be delayed any further.

The pattern of agricultural administration today is unrealistic and is not serving the needs of farmers efficiently. It is weak at the levels nearer to farmers and stronger at higher levels. This should be changed.

The large number of personnel working at lower levels in the various departments concerned with agricultural production are not helpful in influencing the farmers to increase agricultural production. Gram Sevaks, Kamdars, Demonstration Maistries, etc., are examples. These posts should be either abolished or transferred to other departments of welfare, etc., Gram Sevaks can be made use of in the Panchayati Raj institutions. The large number of Gram Sevaks presently administered by the agricultural departments in some States should be transferred to Panchayati Raj Department. They are technically not adequately competent in the agricultural field. Moreover, the large number presents a heavy administrative burden to the Department of Agricultural Development.

At the State level, the Departments of Agriculture, Horticulture, Animal Husbandry and Veterinary services, Fisheries and Marketing should be integrated. The Department of Cooperation should be abolished and the staff utilised elsewhere. There should be a single line of command from the State level to the village level.

The Department of Food at the centre should be closed down with the transfer of most of the functions pertaining to procurement and distribution of foodgrains to the Food Corporation of India, and other functions to the appropriate agencies and the States. The resi-

duary functions relating to the promotion of production of subsidiary foods, etc., should be handled by the Division of Agricultural Production in the Ministry of Agricultural Development we have suggested. The Divisions of Agricultural Policy and related matters. This would result in a net savings of about Rs 3-1/2 crores on staff pay, and allowances; and the savings should be utilised to support the F.C.I. and for investment in commercial enterprises. The 4th Plan schemes with an outlay of Rs. 107 64 crores should be utilised in supporting the Food Corporation of India and the commercial enterprises.

The Department of Community Development in the Ministry should be closed. This would result in a net savings of 50 lakhs per annum on staff pay and allowances. The National Institute of Community Development should be strengthened, and this Institute should be transferred of the Ministry dealings with local self-government affairs.

The Department of Cooperation should also be abolished and matters pertaining to cooperative finance and marketing should be dealt with by the appropriate Ministries.

The Department of Agriculture should be reorganised on functional lines. There is no necessity for the many divisions and wings as they exist today, since all aspects of research should be transferred to the I.C.A.R. and other development functions to the States. The Central Department of Agriculture should be concerned with international obligations, national policies and problems, and inter-State coordination. These functions will not require such a huge machinery as it is today. The reorganised pattern we have suggested would not cost more than Rs 1 crore at the most on the staff pay and allowances. This will result in a net savings of nearly Rs. 4-1/2 crores per year which should be invested in Agricultural Development Corporations in the States and other Commercial enterprises.

There should be 3 to 4 Agricultural Assistance in each block. They should be agricultural graduates. The number of these Agricultural Assistants should be fixed keeping in view the potentiality of work and the requirements of the area, etc.

The Block Level Agricultural Extension Officer should be a class II Officer and a technical person qualified in the field of agricultural sciences. His functions should be of advising farmers, solving their problems in agricultural production and advising the various agencies supplying the farmers' requirements.

The block seed-cum-demonstration farm should be centre of all extension work in each block. The demonstration farm manager should be a competent man of the rank of a class II Officer. He should look to the technical sub Committee at the district level for

guidance ; etc..

The District Agricultural Development Officer should be of the rank of Joint Director, and his emoluments should be at least on par with that of the Collector. He should have three Deputy District Agricultural Development Officers, each being a class I Officer of the rank of a Deputy Director—one to be in charge of agricultural credit, inputs, marketing, and services to farmers; the second to be in charge of administration, regulation to acts, certification and other functions, and the third to be in charge of seed-cum-demonstration farms, extension and training. Representatives of Horticulture, Animal Husbandry, Fisheries and other technical fields at the district level should be working with him.

We have already recommended about the District Council for Agricultural Production. There should be technical sub-Committee of this Council prescribed over by the District Agricultural Development Officer, and including the subject matter specialists at the district level as members. This committee should attend to technical aspects including giving guidance to demonstration farms, the technical staff in the district and assessment of performances of the staff.

There should be State Board of Agricultural Development presided over by the Minister for Agricultural Development. Subject to the indications to be given by the Government in regard to guidelines, priorities and finances, the Board should prepare the plans and programmes for agricultural production. The Commissioner for Agricultural Development should be the Secretary of this Board. Heads of allied departments like Forestry, Public Works and Irrigation should be represented on this Board. The Chairman of Agricultural Development Corporation, The Vice-Chancellor of the Agricultural University, the President of the Chambers of Commerce and Industry, representatives of agricultural industry and trade, and representatives of various types of farming enterprises should be members of this Board.

The Secretariat at the State level should be so designed that one department of the secretariat should deal with all aspects of agricultural production. The Agricultural Secretariat should confine itself to formulation of policies, serving the cabinet, serving the legislature and reviewing the performances of the Department of Agricultural Development.

There should be a Department of Agricultural Development consisting of the following divisions :

- (i) Agricultural Planning;
- (ii) Agricultural Finance;
- (iii) Agricultural Production;
- (iv) Agricultural Marketing;
- (v) Agricultural Industries;
- (vi) Agricultural Supplies & Services;

- (vii) Agricultural Extension;
- (viii) Agricultural Intelligence;
- (ix) Training in Agricultural Administration;
- (x) Irrigation (Agricultural Aspects);
- (xi) Regulatory work; and
- (xii) Administration.

The Commissioner for Agricultural Development should have a small committee at headquarters consisting of the heads of divisions and subject matter specialists. This committee should meet frequently and take decisions on all matters pertaining to the work in the Department. He should be responsible for developing the team spirit among all members of this committee so that every member could feel that he is intensely involved in the planning and implementation of the programmes.

An expert committee should be appointed in each State to work out the detailed staffing pattern based on our suggestions.

There should be a Ministry of Agricultural Development at the centre with the following Divisions :

- (i) Agricultural Policy;
- (ii) Agricultural Planning;
- (iii) Agricultural Finance;
- (iv) Agricultural Production;
- (v) Agricultural Marketing;
- (vi) Agricultural Industries;
- (vii) Agricultural Intelligence;
- (viii) International Collaboration;
- (ix) National Commissions; and
- (x) Administration.

There should be a committee of experts appointed at the All India level to work out the detailed staffing pattern for the Ministry of Agricultural Development based on the suggestions made here.

Immediate steps should be taken to constitute the proposed Indian Agricultural Service. The Rules framed should provide for the various recommendations we have made in regard to recruitment, promotion and recommendation for the staff, etc.

The organisation for Agricultural Intelligence should be strengthened from the village level upto the national level. This is all the more urgent in view of the fact we are handicapped now for want of correct factual basis for planning for formulation of policies. A Division of Agricultural Intelligence has been suggested in the proposed Agricultural Development Department both in the State and at the Central Level.

Development of special areas, such as, desert areas, hilly areas, etc., should be taken up by the concerned Government. The proposal of the Government of India to start All India Boards for this purpose is not a wise move and hence should be given up,

# ADMINISTRATIVE REFORMS COMMISSION, STUDY TEAM ON DISTRICT ADMINISTRATION, 1966—REPORT

Delhi, Manager of Publications, 1967. 170p.

Chairman : Shri Takhatmal Jain.  
Members : Shri Raghunath Singh; Shri Goverdhan-  
bhai S. Patel; Shri B. Mehta; Shri Brijraj  
Narain.  
Secretary : Shri R.N. Chopra.

## APPOINTMENT

The Administrative Reforms Commission appointed a Study Team on District Administration on 17, July 1966.

## TERMS OF REFERENCE

To ascertain facts, locate the principal problem areas, examine solutions for the problems and suggest such of them as they would recommend for Commission's consideration.

## CONTENTS

Introductory; Historical; Pattern of District Administration; Panchayati Raj; Urban Local Bodies; The Collector; Public Relations; Board of Revenue and Commissioners; Conclusion; Summary of Recommendations; Appendices : I to IV.

## RECOMMENDATIONS

### Chapter I

#### Introductory

No recommendations.

### Chapter II

#### Historical

No recommendations.

### Chapter III

#### Pattern Of District Administration

No recommendations.

### Chapter IV

#### Panchayati Raj

Recommendation No. 1 (73) : Development functions at the district level should be the sole responsibility of Panchayati Raj. State Governments should make

Panchayati Raj institutions solely responsible for formulation and implementation of district and local plans and the implementation of Central and State schemes within the district. Their activities should extend to the district and block plans in the agricultural sector excluding research, training or other schemes specially reserved by the State Government; cooperation; minor irrigation; village industries; education upto the secondary stage, except training and technical institutions; drinking water supply; provision of minimum rural amenities; work programmes for fuller utilisation of rural man-power; public health, including rural dispensaries, welfare centres, primary health centres, etc., but excluding district and tehsil level hospitals and specialised institutions; communications within the district; rural industrialisation; rural housing; electrification; development of market centres, etc.

All District level Officers incharge of developments should be transferred to the Zila Parishad.

At the level of the Panchayat Samiti, the BDO and other Extension Officers must be similarly transferred to that body.

Recommendation No. 2 (78) : Except for some general powers of supervision and control, the Collector should be relieved of any responsibility in the field of development administration.

Recommendation No. 3 (79) : In addition to its responsibilities in the development field, Panchayati Raj bodies may be empowered in the following matters :

(i) The village watchman should be transferred to the Gram Panchayat. He will assist this body in its day-to-day administration by carrying out tasks like the service of notices, collection of revenues, etc. He will continue to undertake his normal duties connected with the Police and Revenue Departments under the general supervision of the Panchayat Secretary.

(ii) Gram Panchayat should be made responsible for the distribution of plots in the village site. Allotment would be made in accordance with the rules prescribed by the State Government. Charges may be levied at rates prescribed by the Panchayat Samiti. All cases of allotment should be reported to a meeting of the Gram Sabha.

(iii) The Gram Panchayat should be empowered to make similar allotments of waste land for agricultural purposes. Here also the rules and rates will be prescribed.



bed by the State Government and Panchayat Samiti respectively. Allotments will be reported to the Gram Sabha.

Except for these functions in the regulatory field, the role of Panchayati Raj will be almost entirely confined to development and Municipal functions.

**Recommendation No. 4 (83) :** Panchayati Raj should be organised on the three-tier pattern. The main local Government body should be located at the district, rather than at the block level. In other words, the Zila Parishad should be an effective executive body instead of a mere co-ordinating and supervising agency. The relationship between the three levels should be based more on the pattern obtaining in Gujarat than in Maharashtra. The Zila Parishad will be responsible for formulation and implementation of the district plan and tendering advice to the State Governments on the development administration of the district. It will supervise and coordinate the work of Panchayat Samitis and Gram Panchayats. It will implement itself schemes requiring higher technical competence, and those which extend over the jurisdiction of two or more Panchayat Samitis. Funds and grants from the State Government will be channelised through this body.

The Panchayat Samiti will be concerned with the implementation of the Community Development Programme and other development schemes for the Samiti area. It will supervise the work of Gram Panchayats.

The Gram Panchayat will continue to be the basic unit of Panchayati Raj administration.

**Recommendation No. 5 (84) :** Each of the three levels of Panchayati Raj will have specific executive functions. The distribution of functions between these three levels should be as suggested in Appendix III of the main report.

**Recommendation No. 6 (85) :** The Gram Sabha should now be given statutory recognition in all States. There should be at least two meetings of the Gram Sabha in year. In these meetings, it should consider the annual statement of accounts, the administration report for the preceding year, development and other programmes of work, proposed for the current year, audit note and replies and any other matters which are required to be placed before it under the rules. The Gram Panchayat shall be bound to consider the suggestions made to it by the Gram Sabha.

**Recommendation No. 7 (86) :** The functions of the Gram Sabha may be elaborated to cover the following :

(i) The persons present during a meeting of the Gram Sabha should be allowed to ask questions relating to the activities of the Panchayat. The Sarpanch or other members should give suitable replies.

(ii) The Gram Panchayat must follow-up the suggestions made in connection with its activities in a

meeting of the Gram Sabha and report the action taken.

(iii) It should be compulsory for the Patwari, Village Level Worker and Secretary of the Cooperative Society to attend each meeting of the Gram Sabha.

(iv) The Gram Panchayat should submit to the Gram Sabha a report of all allotments of agricultural land and house sites made by it.

(v) A Representative of the Collector should attend every meeting of the Gram Sabha. He should take note of public demands and grievances and report them to the proper authority for necessary action. A report of the action taken should then be sent to the Gram Panchayat. It will be placed before the Gram Sabha. If it is intended that by this means a substantial number of grievances and demands of villagers can be disposed of, and at the same time, the administration can keep itself informed of the rural area

**Recommendation No. 8 (88) :** In constituting Gram Panchayats, a minimum population range of 3,000 to 5,000 should be aimed at. Economic viability of the unit, financial resources as compared to administrative costs, homogeneity and distances between constituent villages should also be kept in view.

**Recommendation No. 9 (89) :** The dividing line between urban local bodies and Panchayati Raj institutions should be drawn at towns with a population of 20,000. However, keeping in view population density, occupational composition, urban characteristics, historic factors, etc. State Governments may constitute urban local bodies even in towns with a population of less than 20,000. Industrial towns, pilgrims and tourist centres, hill stations and district headquarters town will be an exception to the normal rule.

**Recommendation No. 10 (90) :** It may be left to State Governments to constitute Nagar Panchayats on Gujarat Pattern in towns with a population between 10,000 to 20,000. They may also decide whether there should be any difference in the composition, powers and functions of a Gram Panchayat and Nagar Panchayat.

**Recommendation No. 11 (93) :** A Gram Panchayat should consist of not less than 9 and not more than 19 members. The actual number of members should be fixed on the following scale :

(a) Panchayats with population less than 2,000—9 members.

(a) Panchayats with population 2,000—7,000.—  
1 additional member for every increase of 1,000 or part thereof.

(c) Panchayats with population 7,000—17,000.—  
1 additional member for every increase of 2,000 or part thereof.

(d) Panchayats with population above 17,000—19 members.

Recommendation No. 12 (94) : All members of Gram Panchayats, including representatives of women, Scheduled Castes/Tribes should be elected and there should be no coopted, nominated or ex-officio member.

Recommendation No. 13 (95) : The Panchayat elections should be held by secret ballot and in single member wards into which each Panchayat would be divided.

Recommendation No. 14 (96) : Any person who is a voter of the village and whose name appears in the electoral roll of the Panchayat should be entitled to contest as a candidate in any ward.

Recommendation No. 15 (97) : There should be no compulsion for voting in elections to Panchayati Raj bodies.

Recommendation No. 16 (98) : In every Panchayat, there should be two seats reserved for women. The reserved wards for women should be rotated at every election to the Panchayat.

Recommendation No. 17 (99) : There should be one seat reserved for Scheduled Castes where their population is less than 10 per cent, and where their population is more than 10 per cent two seats should be reserved for them. In all panchayats where the population of Scheduled Tribes is more than 5 per cent, there should be one reserved seat for them. The reserved wards for Scheduled Castes/Tribes may also be rotated but only among the wards where there is a prescribed minimum population.

Recommendation No. 18 (100) : Women, Scheduled Castes and Tribes should also be free to contest for unreserved seats.

Recommendation No. 19 (101) : In case any seat reserved for the Scheduled Castes/Tribes or women remains unfilled for any reason, it may be filled by nomination by the Panchayat Samiti.

Recommendation No. 20 (102) : The Sarpanch should be elected directly by the voters of the Panchayat. He should be removable by a 2/3rd majority of the Gram Panchayat.

Recommendation No. 21 (103) : In case a person who is not a member, is elected as a Sarpanch he should be deemed to be an additional member of the Panchayat, the strength of the Panchayat being thereby increased automatically by one.

Recommendation No. 22 (104) : If the Sarpanch dies, resigns or is removed, his successor will be elected indirectly for the remaining period of the term by the members of the Panchayat from among themselves.

Recommendation No. 23 (105) : The Up-Sarpanch should be elected indirectly by members of the Panchayat from among themselves.

Recommendation No. 24 (106) : The term of the office of the members of the panchayat, the Sarpanch

and the up-Sarpanch should be five years.

Recommendation No. 25 (107) : All the Panchayats in a State should have the same term beginning and ending on the same dates. All mid-term elections should be for the remaining term only. Short-term vacancies of one year or less may be left unfilled.

A Panchayat Samiti should have between 20—40 members.

The Sarpanch of every Gram Panchayat should be an ex-officio member of the Panchayat Samiti.

Two women members should be coopted by every Samiti out of the elected women members of the Gram Panchayats comprised in the Samiti.

If the population of Scheduled Castes in a Samiti area is less than 10 per cent the Samiti shall coopt two members of the Scheduled Castes out of the elected Scheduled Castes members of its constituent Panchayats. If the population is more than ten per cent, four such representatives will be coopted.

If the population of Scheduled Tribes in a Samiti area is more than 5 per cent, two representatives of the Scheduled Tribes will be coopted.

The cooption of representatives mentioned above will be by single transferable vote, subject to the further condition that no two representatives of women, Scheduled Castes or Tribes should be from the same Gram Panchayat. These coopted representatives will be in addition to those coming in as Sarpanches or elected additional members.

For towns with a population of less than 10,000 representation through the Sarpanch in his capacity as ex-officio member of the Samiti, will suffice. However, for towns with a population of over 10,000, in addition to the Sarpanch, the Up-Sarpanch should also be an ex-officio member of the Panchayat Samiti.

The Pradhan of the Samiti shall be elected by an electoral college consisting of the members of all the Gram Panchayats comprised in the Samiti area.

A candidate for the office of Pradhan need not be a Sarpanch, or a Panchayat member but should be a voter in a village of the Panchayat Samiti.

If a Sarpanch of a Gram Panchayat is elected as Pradhan of the Samiti, the resultant vacancy should be treated as one caused by death, resignation or removal and a successor should be elected accordingly, i.e., indirectly by other members of the Panchayat.

In case of a vacancy in the office of Pradhan of the Samiti by reason of resignation, death or any other cause, the successor will be elected for the remaining period by the members of the Samiti.

The Up-Pradhan of the Samiti will be elected by its members from among themselves. The term of office of the Samiti, the Pradhan and the Up-Pradhan shall be five years.

The Zila Parishad should have 40-60 members. The Pradhans of the Panchayat Samitis comprised in the Parishad should be ex-officio members of the Zila Parishad. In addition, each Panchayat Samiti should elect another member for the Parishad.

There should be four women members in the Parishad coopted by its members, out of the women members of the constituent Samitis.

If the Scheduled Castes population in a district is less than 10 per cent, there should be two representatives of the Scheduled Castes coopted from such representatives in the Panchayat Samitis. If their population exceeds 10 per cent, there should be four representatives. For Scheduled Tribes, two representatives should be coopted in like manner if their population is not less than 5 per cent of the total population.

The cooption of the representatives listed in the foregoing paragraphs, will be by single transferable vote, subject to the further condition that no two representatives of women, Scheduled Castes or Tribes shall be from the same Samiti. These coopted representatives will be in addition to those coming in as Samiti Pradhans or additional elected member.

The President of the Zila Parishad should be elected by an electoral college consisting of members of the Gram Panchayats within the jurisdiction of the Parishad and this election should be held simultaneously with that of the Pradhan of the Panchayat Samiti.

A candidate for the Presidentship of the Parishad need not be a member of a Panchayat or a Panchayat Samiti, it will be sufficient if he is a primary voter in any Panchayat of the district.

A candidate who is standing for the office of Pradhan of a Panchayat Samiti should not, in the same election, stand also for the presidentship of the Zila Parishad.

If there is an interim vacancy in the office of the Presidentship of a Parishad, his successor should be elected for the remaining period by the members of the Parishad.

The Vice-President of the Zila Parishad should be elected by the members of the Parishad. The term of office of the Zila Parishad, the President and the Vice-President should be five years.

Members of Parliament and State Legislatures should be prohibited from becoming elected members or heads of Gram Panchayats, Panchayat Samitis or Zila Parishads.

Members of the Rajya Sabha and the State Legislative Councils, who are indirectly elected and who are not direct representatives of voters in any Samiti or Parishad, should not be given any ex-officio status in either.

A member of the State Legislative Assembly should be an ex-officio associate members without the right to

vote or to hold office of all the Panchayat Samitis which are wholly in his constituency.

A Member of Parliament should be an associate member in only one Samiti where he normally resides.

In the Zila Parishad, all Members of Parliament and the State Legislative Assembly, elected by constituencies within the district (except those elected from City constituencies) should be associate members without right to vote or hold office.

Considering the importance of cooperatives in rural development, they should be given representation on Panchayati Raj institutions in the following manner :

(i) Gram Panchayat : A representative of the Service Cooperative Society functioning in the Panchayat area should be made an associate member of the Gram Panchayat.

(ii) Panchayat Samiti : The following representatives of cooperative institutions should be made associate members of the Panchayat Samiti :

(a) Chairman of the main Cooperative Financing institutions of the Tehsil ;

(b) Chairman of the main Marketing Body of the Tehsil ;

(c) One representative to be elected by the Service Cooperative Societies functioning within the jurisdiction of the Panchayat Samiti ;

(iii) Zila Parishad : The following members of cooperative institutions should be made associate members of the Zila Parishad :

(a) President of the Central Cooperative Bank ;

(b) Chairman of the District Cooperative Union.

The representatives of cooperative institutions should have the status of associate members with voting rights, but without any right to hold office.

In order to strengthen the links between Panchayati Raj institutions and cooperatives, the Chairman of the Production Committee of the Zila Parishad should be represented on the Central Cooperative Bank and Land Mortgage Bank of the district. He should have the status of an associate member without right to vote or hold office.

Election to all Panchayati Raj bodies should be held simultaneously throughout the State. This should be about one to one and a half year following the general elections.

The constitution of four Functional Committees should be made obligatory at the level of the Panchayat Samiti and Zila Parishad. These Committees are :-

(a) Administrative, Finance and General Purposes Committee ;

(b) Education and Welfare Committee ;

(c) Production Committee ; and

(d) Works Committee.

At the level of the Gram Panchayat, there is no need

## COMMITTEES AND COMMISSIONS

for Functional Committees. It will however, be open to that body to form Ad-hoc Committees as and when required.

Standing Committees should be so constituted that every member of the Samiti or Parishad is a member of at least one Committee. It should also be ensured that no person is a member of more than two Committees.

The Pradhan of the Panchayat Samiti and President of Zila Parishad, as the case may be, should be ex-officio Chairman of the Administrative, Finance and General Purposes Committee. For the other Committees the Pradhan or President should nominate the Chairman from among the members of each Committee.

The Chief Executive Officer, Zila Parishad and the Executive Officer, Panchayat Samiti should be members of all four Committees of the Parishad and Samiti respectively. They should act as the Secretary of the Administrative, Finance and General Purposes Committee at their respective levels. For the other Committees, the Specialist Officers concerned with each Committee will be members. It will be open to the Committee to nominate one of them to act as its Secretary.

House tax, profession tax and vehicle tax should be compulsory taxes of Panchayats. Minimum and maximum rates of compulsory taxes should be prescribed.

House tax should be based on the capital value of the house. Except for buildings used for religious worship, there should be no exemption from the levy of house tax. An independent agency for valuation of houses may be set-up.

The maximum and minimum rates of house-tax based on capital value of houses may be as follows :-

(a) On a house of capital value not exceeding Rs. 250—Minimum 25 P. and maximum Rs. 1.

(b) On a house of capital value ranging from Rs. 251 to Rs. 500—Minimum 50 P. and maximum Rs. 2.

(c) On a house of capital value ranging from Rs. 501 to Rs. 1000—Minimum Rs. 1 and maximum Rs. 5.

(d) On a house of capital value of over Rs. 1000—For every increase of Rs. 500 or part thereof the increase in the minimum and maximum rate to be 50 P. and Rs. 2.50 respectively.

For Town Panchayats, the rates may be higher.

Profession tax should be levied on the following basis :—

| Class | Yearly Income                                     | Minimum yearly tax<br>Rs. | Maximum yearly tax<br>Rs. |
|-------|---|---------------------------|---------------------------|
| I     | More than Rs. 30,000                              | 200                       | 250                       |
| II    | More than Rs. 24,000 but not more than Rs. 30,000 | 150                       | 200                       |

|      |   |     |     |
|------|---|-----|-----|
| III  | More than Rs. 18,000 but not more than Rs. 24,000 | 100 | 150 |
| IV   | More than Rs. 12,000 but not more than Rs. 18,000 | 50  | 100 |
| V    | More than Rs. 9,000 but not more than Rs. 12,000  | 24  | 50  |
| VI   | More than Rs. 6,000 but not more than Rs. 9,000   | 12  | 24  |
| VII  | More than Rs. 3,600 but not more than Rs. 6,000   | 8   | 12  |
| VIII | More than Rs. 2,400 but not more than Rs. 3,600   | 4   | 8   |
| IX   | More than Rs. 1,200 but not more than Rs. 2,400   | 2   | 4   |
| X    | More than Rs. 600 but not more than Rs. 1,200     | 1   | 2   |

Vehicle tax should be levied on all vehicles including bicycles. Motor vehicles should continue to be exempted. The minimum rate of vehicle tax should be Rs. 2 per annum for all vehicles, and the maximum Rs. 4 per cycle and Rs. 10 per bullock-cart.

State Governments should consider the possibility of replacing octroi, where levied, by other progressive taxes. Pilgrim tax should be levied by the Panchayat Samiti or Zila Parishad and a part of the proceeds should be given to the Gram Panchayat in the area of which the pilgrim centre is located.

The levy of fees for water supply, drainage, street-lighting and conservancy should be compulsory. The rate should be so adjusted that, as far as possible, it covers the cost of maintaining the service and also for servicing any loans that the Gram Panchayat might have taken for this purpose.

Powers of Gram Panchayats to levy licence fees for registration of cattle sold, collection of hides and skins, tea stalls and restaurants, or goods exposed for sale in market, construction of new buildings, for use of common land and community property, etc. should be enlarged to the maximum extent possible.

Unless specifically exempted, all public land, trees, ponds and tanks with fishery rights therein, unreserved forests, rest houses and other buildings situated in a Panchayat area, and not belonging to a private party, should be transferred to that Panchayat.

Cattle ponds should be the property of Gram Panchayats. Government should fix rates instead of leaving this to Panchayats. There should be a provision for levy of penal rates.

In the case of markets and fairs classified as Samiti and Zila Parishad markets, a reasonable share should be given to Panchayats in the area in which the fair is held or market is organised. Similarly, in the case of State fairs or markets, the net income should be shared

between the Zila Parishad, Panchayat Samiti and Gram Panchayat.

Land Revenue and Cess should ultimately be transferred in full to Panchayati Raj bodies. This should then be shared between the three levels in accordance with an equitable formula.

Surcharge on Stamp Duty should be levied at a rate not exceeding 25 per cent of the duty payable in accordance with the law in force in the concerned State. The proceeds within the area of a Samiti should be distributed in an equitable manner among the Samiti and its Panchayats.

90 per cent of the Entertainment Tax collected within the area of a Panchayat Samiti should be transferred and shared between it and its constituent Gram Panchayats in such a manner as the State Government may determine. In addition, Gram Panchayats and Panchayat Samitis should be empowered to levy Show Tax.

The salary of the Secretary of the Gram Panchayat should be met wholly from a purposive grant from the State Government. The Secretary should be paid directly by the Panchayat.

The entire tax demand of a Panchayat, excluding arrears, may be taken as the basis for matching grant and, if collection of 75 per cent is made in a year, an amount equal to 15 per cent of such collection should be given as matching grant, which should increase at least by 1 per cent for every additional 5 per cent collection. It would be more appropriate to call this an Encouragement Grant.

A basic minimum maintenance grant of Re. 1 per capita should be given to every Panchayat and this should be shared equally by State and Central Governments.

For executing specific development projects, Panchayats should have powers to levy special tax on land revenue, house tax or on some other basis.

The Maharashtra System of giving equal grants to Gram Panchayats under Section 132A of the Bombay Village Panchayats Act, 1958 may be adopted by other State Governments.

The procedure followed in Madras of pooling grants under the Community Development schematic budget and those from State Departments and of evolving a development schematic budget for the Samiti can be adopted with advantage by other State Governments. The pooled funds should be distributed equitably among various blocks. It would, however, be appropriate to adopt this method when all blocks in the State have reached the post-stage II phase.

An annual average per capita grant of Re. 1 should be made to each Samiti to be shared equally by the State and Central Governments and to be earmarked for maintenance of staff on an agreed pattern. The

Centre's share of the grant may be met by suitable adjustments within the grants now being made by it.

To enable Samitis to participate in the evolution of the Fourth Plan, The Central and State Governments may intimate them in advance the minimum and maximum financial limits that can be made available to them by way of grants and loans. The financial limits should be broadly worked out on the basis of five times the loans, grants etc. given to the Zila Parishad, Panchayat Samitis during the last year of the preceding Five Year Plan.

In the implementation of the plan, limitations imposed on Samitis should be in terms of broad categories like education, health, roads, etc., and so long as they conform to the national pattern, the Samitis should have freedom to readjust the plan in the light of actual experience and the changing needs of the people.

A suitable amount should be allotted in the Fourth and subsequent Plans for unspecified local development works to be given on matching basis.

The entire expenditure on elementary and secondary education should be met out of grants and resources transferred specially for the purpose by the State Government. Some additional funds should be made available to Panchayati Raj bodies for affecting educational improvement.

Not more than half the proceeds of resources transferred to Samitis, like share of land revenue or cess, stamp duty, entertainment tax, etc. should be earmarked for committed expenditure on schemes and institutions transferred to them and the balance of such expenditure should be financed by the State, and partly by specific grants.

Where they are too big to be managed by Gram Panchayats, Samitis should be entrusted with the management of fairs, markets, ghats and ferries, tanks and plantations and share the proceeds with Panchayats where these are located or organised.

The salaries of the extension staff, including the BDO, should be paid directly by the Panchayat Samiti. The Samiti should be free to add to the strength of staff so long as it is able to meet the expenditure from the Re. 1 per capita grant and its other resources.

A provision, similar to that in force in Maharashtra, under which the State Government can raise the cess or land revenue to 100 paise on every rupee of land revenue, at the instance of the Zila Parishad, should be adopted by other State Governments.

The system of State assistance to Panchayati Raj bodies adopted by Maharashtra may be taken as a model by other State Governments.

Till such time as a Finance Commission for Local Bodies is set-up and is able to lay down principles for distribution of funds between various levels of Pancha-

yati Raj, it would be appropriate to adopt a formula on the Gujarat Pattern ; under this formula 17-1/2 per cent of the land revenue grant is transferred to the Panchayat Samitis and 35 per cent to Gram Panchayats. While these percentages may not be taken as rigid, it would be appropriate for State Governments to make a specific provision of this nature.

State and District Equalisation Funds and a District Gram Encouragement Fund should be created on the Gujarat Pattern. A prescribed percentage of the total grant received from the State Government should be credited to these funds.

A District Development Fund should be created on the Gujarat Pattern. This fund will be made up of contributions received from Gram Panchayats.

A Panchayati Raj Finance Corporation should be established in each State. The authorised capital should be fixed by the State Government, subject to a maximum of Rs. 5 crores, and a minimum of Rs. 1 crore, shares could be issued to Panchayat institutions, the State and Central Governments, Reserve Bank of India, L.I.C., Cooperative Banks, Insurance Companies and other financial institutions. The Corporation may give loans to Panchayat Bodies for public utility undertakings, remunerative undertakings, small and medium scale industries, etc.

On the lines of the Union Finance Commission, a Finance Commission for Local Bodies should be set-up once in five years, preferably one year before the former Commission commences its work. Its jurisdiction should cover Urban Local Bodies as well.

The budget of the Gram Panchayat should be submitted to the Panchayat Samiti for sanction, and the Gram Panchayat must take into consideration any changes suggested by the Panchayat Samiti.

If the Panchayat Samiti frames a deficit budget, it must be submitted to the Zila Parishad for sanction. Similarly, if the Zila Parishad frames a deficit budget, it must be submitted to the State Government for sanction. If sanctions are not accorded within three months, the concerned body will be free to implement the budget.

In order to prevent the execution of or the doing of illegal acts, powers may be vested as indicated below :

(a) In the case of the Gram Panchayat powers of suspension of the order or resolution should vest in the Executive Officer, Panchayat Samiti.

(b) In the case of a Panchayat Samiti, powers of suspension should vest in the Chief Executive Officer, Zila Parishad.

(c) In the case of a Zila Parishad, powers of suspension should vest in the Collector.

In order to prevent the execution of or the doing of anything likely to cause injury or annoyance to the

public or lead to a breach of peace, powers of suspension of the order or resolution should vest in the Collector. These powers will apply to all three levels of Panchayati Raj bodies.

If the order of suspension has been passed by the Executive Officer, Panchayat Samiti, he should refer the matter to the Panchayat Samiti. If the order of suspension has been passed by the Chief Executive Officer, Zila Parishad, he should place the matter before the Parishad and if the order of suspension has been passed by the Collector he should refer the matter to the State Government. It shall be open to the Panchayat Samiti, Zila Parishad or the State Government, as the case may be, to confirm, modify or rescind the order of suspension.

A District Tribunal, with the Collector and District Judge as members, should be constituted in each district. It will be empowered to consider complaints against members and office bearers of any Panchayati Raj body in the district, and after such enquiry, as may be necessary, pass orders for the removal of the concerned person. The tribunal can also act suo moto, it should be vested with powers to summon witnesses, papers, records, and also to carry out inspections. An appeal will lie against the orders of the Tribunal to the State Board of Revenue.

In cases of mal-administration, powers of superseding and dissolving Panchayati Raj Bodies upto the level of Panchayat Samiti should be vested in the District Tribunal. For the Zila Parishad, the District Tribunal will be empowered to make enquiries but it will submit its report for final orders to the State Board of Revenue. An appeal will lie against the orders of the District Tribunal to the State Board of Revenue, and against these orders of the Board of Revenue to the State Government.

The Chief Executive Officer, Zila Parishad should be empowered to inspect the office of any head of department functioning in the Zila Parishad or his subordinates at the Panchayat Samiti level. He should also be empowered to inspect any Gram Panchayat in the district.

The Executive Officer, Panchayat Samiti, should be empowered to inspect the office of any Extension Officer or Gram Panchayat within the jurisdiction of the Samiti.

Heads of departments of the Zila Parishad should be empowered to inspect the offices of their Extension Officers in the Panchayat Samiti and the execution of any work undertaken by the Samiti or Gram Panchayat.

Extension Officers should be empowered to inspect any Gram Panchayat in relation to their specialised field of activities.

The Collector and Commissioner should be em-

powered to inspect the Zila Parishad, Panchayat Samitis or Gram Panchayats in the district.

Regional and State-level heads of departments should be empowered to inspect the offices and work of their departmental officers functioning under the Zila Parishad or Panchayat Samitis.

There should be a special branch in the office of the Examiner of Local Fund Audit, exclusively for Panchayati Raj institutions. There should also be an Accounts Officer, with adequate assistance, under the Zila Parishad who will carry out internal audit of all subordinate Panchayats. The system of "performance audit" can be adopted with advantage.

The cadre of Village Level Workers and Panchayat Secretaries should be integrated. There should be a separate Secretary for each Gram Panchayat.

The collection of land revenue and Panchayat taxes should be undertaken by the revenue agency, who will act as a collection agent for the Panchayat. The Patwari will continue to look after land records.

The salary of the Secretary will be wholly payable by Government through grants. Recruitment to this post will be made along with other Class III staff of the Panchayat Service.

The Village Chowkidar will be transferred to the Gram Panchayat. His salary will be paid through Government grants. Recruitment to this post will be made along with other Class IV staff by the Panchayat Samiti.

The BDO should function as the Executive Officer of the Panchayat Samiti. Other Extension Officers who normally comprise the block team should be transferred to the Samiti. Recruitment to the post of BDO will continue to be made by the State Government. Class III Extension Officers will be recruited by the Panchayat Services Selection Board, Class II Extension Officers will be recruited by the State Government.

There should be a separate Chief Executive Officer drawing pay in the senior scale of the IAS for the Zila Parishad. By convention the Collector should be more senior than the Chief Executive Officer.

In addition to the Chief Executive Officer, all District Officers incharge of development departments should be transferred to the Zila Parishads. Administrative control of these officers will be exercised through the Chief Executive Officer.

It is not necessary to make statutory provision for removal of the Chief Executive Officer, Zila Parishad, by a vote of no confidence. Such matters should be governed by convention. The same considerations apply to the Panchayat Samiti and Urban Local Bodies.

A separate Panchayat Service should be constituted and classified into Class III (Extension) and Class II (Ministerial). The former will be a State-wide cadre,

while the latter will be a district cadre.

Recruitment to the Panchayat Service should be entrusted to two bodies; the first at the State Level called the Panchayat Service Selection Board, and the second at the District Level called the District Service Selection Board. Recruitment of the Panchayat Services Class III (Extension) may be entrusted to the Panchayat Service Selection Board; recruitment to the Panchayat Service Class (Ministerial) can be undertaken by the District Selection Board.

Transfer of personnel of the Panchayat Services Class III (Extension), within the division should be entrusted to the Commissioner and at the State Level to the Secretary, Panchayati Raj or Development Commissioner.

In order to provide adequate promotion opportunities for members of the Panchayat Service, a quota should be reserved for them in the State Class II Services.

Common scales of pay and allowances should be worked out for equivalent posts in the Panchayat and State Services.

Disciplinary control in respect of Class I and Class II services should continue with the State Government. In respect of Class III services, disciplinary powers should vest in the Chief Executive Officer, and Zila Parishad. Powers to impose minor penalties, can however, be delegated to the Executive Officer, Panchayat Samiti.

For Class IV staff all powers of recruitment, appointment and disciplinary control should vest in the Executive Officer, Panchayat Samiti.

A centralised agency should be created by the State Government either in the Directorate of Local Bodies or Town and Country Planning Department for providing expert assistance to local bodies for assessment and recovery of taxes, town surveys, property surveys, surveys for slum clearance schemes, survey and design of water supply schemes, etc.

It should be laid down that neither the Zila Parishad, Panchayat Samiti nor any of their Standing Committees can take up any subject for discussion unless it is accompanied by a report and a specific recommendation from the Chief Executive Officer, or Secretary of the Committee, as the case may be. It should be checked during inspections whether this rule is being strictly observed.

Proper training and re-orientation programmes for members of the Panchayat Service, Officers deputed from the State Government and elected representatives should be organised on an extensive scale.

There should be a combined office for all District-Level Officers who have been transferred to the Zila Parishad. This office will be in the overall charge of the Chief Executive Officer.



Positive steps are required to simplify Panchayat Acts and Rules. As far as possible all provisions relating to functions, powers, procedures, etc., should be framed so as to allow sufficient discretion to Panchayati Raj bodies to undertake functions, exercise powers and evolve procedures according to local conditions. Matters of detail should be covered by comprehensive bye-laws and regulations.

Simultaneous action should be taken to issue brochures and pamphlets bringing out the salient features of the Panchayat Act and the system of Panchayat Administration.

The ultimate aim should be the merger of the regulatory and development administrations in the district. A beginning should be made at the level of the Panchayat Samiti which can be made co-terminus with the Tehsil; the revenue staff of the Tehsil can continue to function as a part of Panchayati Raj. Thereafter such a merger can take place at the Gram Panchayat level, and finally at the district level.

## Chapter V

### Urban Local Bodies

A statutory planning and development organisation with jurisdiction over the entire district should be established. This agency will also be responsible for area-wide functions, such as water supply, sewerage and drainage facilities, trunk roads and other means of major communications etc. It should be provided with adequate technical staff. In smaller districts, however, it can draw upon the staff of the Zila Parishad and larger Municipalities.

The composition of the planning and development authority may be as follows :

- (a) Commissioner or Officer of equivalent rank —Chairman
- (b) Collector —Member
- (c) President of the Cantonment Board, if any, —Member
- (d) Chairman and two other members nominated by the Zila Parishad —Members
- (e) Chairmen/Mayors of major Municipalities and Corporations, if any —Members
- (f) Three to five representatives of special interests, like Railways, Port Trusts, Industries, etc, Nominated by the State Government —Members

In those States where there is no Commissioner, the Collector may be the Chairman.

As the problems of Panchayati Raj institutions and urban local bodies are similar, the jurisdiction of the Finance Commission for Local Bodies and Panchayat Service Selection Board may be extended to cover urban local bodies as well.

The Collector may be empowered to suspend and annul resolutions or orders of urban local bodies, which are illegal or which cause annoyance to the public or likely to lead to a breach of peace. The Collector's orders of suspension will, however, be subject to confirmation by the State Government.

The Jurisdiction of the District Tribunal proposed for Panchayati Raj bodies may also cover urban local bodies. It will deal with complaints against members and office bearers, and after such enquiry, as may be necessary, order the removal of the concerned person. An appeal will lie to the State Board of Revenue. The Tribunal will also enquire into cases of mal-administration, and in suitable cases, order the suspension and dissolution of the concerned municipality. An appeal will lie to the State Board of Revenue.

The Collector should be empowered to inspect all urban local bodies in the district.

There should be a Directorate of Urban Local Administration at the State Headquarters. It should have an Inspectorate attached to it. Staff of the Inspectorate should work under the general supervision of the Collector and all inspection reports should be routed through him. Before an inspection note is submitted to higher authorities it must first be discussed with the elected representatives and errors pointed out to them.

## Chapter VI

### The Collector

The provisions of law which have placed the District Magistrate as the head of the criminal administration of the district, are well conceived. His general powers of control over the district police should, therefore, be allowed to continue.

The clarity with which the relations between the District Magistrate and Superintendent of Police have been enunciated in the Bombay Police Act, 1951, can, with advantage, be adopted by other State Governments.

The District Magistrate should be empowered to record his opinion in the confidential reports of the Superintendent of Police and other subordinate officers of the force.

The Deputy Inspector General of Police should initiate confidential report of the Superintendent and then forward it to the District Magistrate for his opinion. The latter should confine his remarks to a general assessment of his work with particular reference to law and order.

The District Magistrate should be empowered to enquire into complaints of harassment and other types of misconduct against the district police. He should take care that —

- (a) The position of the Superintendent of Police is not

lowered in the eyes of his subordinates ; and

(b) Action is only taken in those complaints in which the Superintendent of Policy, despite petitions and applications, has neglected to take action on his own initiative.

The Superintendent of Police must consult the District Magistrate, in cases of transfer of Station Officers and other officers of equivalent rank.

The Superintendent of Police should continue to submit periodical reports and returns on the State of Criminal Administration in the district.

There should be a substantial de-concentration of authority from the district to the sub-divisional level. The tehsil and sub-divisional administrations should completely be integrated. The Tehsildar should deal only with the SDO, and except for the submission of routine reports and returns, he should have no direct correspondence with the Collector. The SDO should be given full administrative control over land records and clerical staff in the sub-division. Wherever possible, a substantial part of the Collector's licensing work should also be delegated to the SDO.

At the level of the Tehsildar, maximum delegation of powers should be made so as to relieve the SDO of routine work. The Tehsildar and his deputies should be required to dispose of a maximum of revenue and miscellaneous cases while on tour.

The collector should continue to act as the Chief Coordinator and leader of the team in respect of all departments which are not transferred to the Zila Parishad.

State Governments should issue instructions that common problems of the people such as disputes about grazing rights, entry into forest areas, availability of fire wood and other forest produce, timely supply of irrigation water, relief from natural calamities, etc., coming to the notice of any department should in the first instance be taken up with the Collector. After consultations with the appropriate authorities, the Collector will take a final decision.

The Collector should be empowered to record his remarks in the annual confidential reports of all District Officers. He must view this work as a leader of the team and take into consideration and difficulties that a particular officer might have faced in the course of his duties.

As a general rule, the Collector should record his remarks after the Regional-level Officer has initiated the report. He should confine himself to a general assessment of the officer's work, and in particular, comment about his relations with his colleagues and the general public, his ability to function as a member of the district team, integrity, etc.

On the question of the association of the Collector

with the Zila Parishad, two opposing points of view are placed before the Commission for consideration. These are—

(a) By making the collector an ex-officio member of the Zila Parishad without any right to vote or holding office, both that body and the Collector will mutually benefit ; and

(b) The association of the Collector with the Zila Parishad will, in fact, retard the growth of the latter body ; so there will be no particular advantage in such an association.

The Collector should be empowered to obtain any information he needs from district heads of department.

If the Collector makes a recommendation to the Regional or State-level head of department or the State Government, it should be treated with utmost respect.

If the Collector makes a specific recommendation to the State Government on a matter of importance of policy, and it has the concurrence of the Commissioner, it should not be disregarded, except at the level of the Minister.

In regard to Protocol duties, it should not be necessary for the Collector or any other District Officer to see a visiting dignitary unless specifically required. All arrangements required in connection with such a visit should be left to an Assistant of the Collector.

The Collector should be given the status of the Regional head of department of the Excise and Industries Departments ; thereafter, the concerned district heads should work under his overall supervision and control. In respect of the Sales Tax Department, he should be given powers of inspection and superintendence of case work and recovery of arrears ; he should also be specifically required to look into cases of harassment, of accesses and underhand dealings.

The Collector and his subordinates must undertake intensive interior touring for a prescribed number of days and nights. It must be specifically laid down that in the course of such tours they will pay particular attention to redress of public grievances.

An officer-oriented system should be adopted in all district offices. All cases, except those which require a substantive examination of laws, rules and precedents, should be put at once to an officer for decision ; in any case, it should not be necessary for any paper to move through more than two levels before a final decision is taken.

The single file system should be introduced for references from district heads of departments to the Collector or to sister departments.

All district offices, including that of the Zila Parishad, should be housed in one common building.

The delays which occur in obtaining licences should be examined from two points of view, namely :

- (a) Simplification of the licensing procedure ; and
- (b) Abolition of licensing wherever possible.

An examination of licensing procedures should be undertaken in the manner we have indicated in respect of the procedure prescribed for grant and renewal of arms licences.

Regarding permits and quotas, an Ad-hoc Advisory Committee should be set-up in the district with Collector as its Chairman. The committees should assist the Collector in laying down principles for rational distribution of scarce and controlled consumer commodities.

Regarding other types of licences and permits, each State Government should set-up a separate committee to go into the prescribed procedure step by step, so as to locate points of delay and corruption ; the procedure should be simplified to the maximum extent possible. Wherever possible, the need for licensing should be done awaywith.

The ultimate aim should be that only officers in the 10th year of their service are posted as Collectors. For posts of Chief Executive Officer of Zila Parishads, some lesser service will suffice.

In view of cadre difficulties, however, for the present State Governments must ensure that only officers in the 7th year of their service are posted as Collectors.

All Collectors and Chief Executive Officers of Zila Parishads should be given rent-free residential accommodation. For larger and more important district charges, a suitable special pay should be attached to the post of Collector ; the special pay being at least equal to that of an officer of equivalent rank in the State Secretariat.

Having regard to the principles of an effective system of inspection, State Governments should issue suitable instructions for the inspection of all Government offices in the district. In addition, effective steps should be taken for conducting field inspections, while on tour. Tour diaries should be prescribed for all officers, including the Collector, in order to watch whether a sufficient number of field inspections are being carried out and whether they are done properly.

Keeping in view the final decisions of the State Government on the recommendations for reform of district administration, a small Committee of Officials should be appointed to go into the question of rationalisation of staff in district offices. This committee should also examine the question of training, refresher courses, promotion, examinations, etc.

The Collector, SDO, Tehsildar and other district officers should hold quarterly meetings with their subordinate staff in order to understand their difficulties, both personal and official, which impinge on the efficient performance of their duties.

Government should encourage the formation of

informal study circles in district offices so as to give subordinate staff an opportunity of coming abreast of current developments in the country in the spheres of administration, economic development, political thinking, etc.

An all-India Committee should be set up by the Central Government to go into the question rationalisation of laws and rules which are implemented at the district level. The object should be a simplification of procedures so as to obtain speedy results.

Those States, where a Finance Service does not exist, should take steps for its constitution. Officers of this service will man posts of District Treasury Officers and Sub-Treasury Officers.

## Chapter VII

### Public Relations

The Collector should be designated as the District Grievance Officer with jurisdiction over every department in the district.

There should be an officer of adequate status in each department who should be designated as the Departmental Grievance Officer.

In his role as District Grievance Officer, it shall be the Collector's duty to follow-up individual complaints and to ensure that they are attended to promptly by the concerned department. He shall discharge these duties either through the agency of the Departmental Grievance Officer or the Public Relations Officer. The Collector should be empowered to issue directions to any department to initiate disciplinary proceedings against any member of the non-gazetted staff of that department ; alternatively, he can himself hand-over the case to the police for prosecution. For Gazetted Officers, the Collector should refer the matter to the State Government or head of the department, as the case may be.

It shall be one of the main duties of the Public Relations Officer to conduct enquiries on behalf of the Collector. In addition, he will be in overall charge of all public relations work in the district; he will take-over the duties of the District Publicity Officer.

There should be a Receptionist in each Collectorate and other offices with substantial public dealings. He will work under the direct supervision of Public Relations Officer. It will be his main duty to receive visitors, direct them to the persons they wish to see, arrange interviews and make available standard application forms.

A District Grievance Committee with the membership suggested in the main report should be constituted in each district. The intention of setting up such a committee is to associate influential non-official opinion with the steps taken by the administration for redress of

An appropriate ceiling limit should be placed on the expenditure of the Governor in regard to following items :

- (1) Medical Expenditure ;
- (2) Expenses on Tours ; and
- (3) Contract Allowance.

There is no need for separate provisions under sumptuary allowances.

### Council of Ministers

Political parties should put up for elections the best candidates available who command respect by virtue of their ability, integrity and equipment.

The party in the legislature which is in a position to form the ministry must elect the best person available in the party who is respected both in and outside the party for their ability, integrity and capacity to be its leader. The Chief Minister—elect should select Ministers including Deputy Ministers solely on the basis of qualifications and merit. Integrity, ability and experience in legislature and administration should be the primary criteria in the selection. He should not succumb to undue pressures—personal, communal and regional or religious.

The Council of Ministers should be compact and the size limited to actual needs of administration. There should be only two categories of Ministers, namely; the Cabinet and Deputy Ministers. The number of Ministers in a State including Deputy Ministers should not exceed 6 per cent of the total number of members of the legislative Assembly in that State. This should be enforced by appropriate legislation, if necessary.

The model list of portfolios furnished in Annexure III may be adopted by all States with such modifications as may be considered essential to suit the peculiar circumstances of the State concerned. Portfolios should be assigned to Minister on the basis of aptitude and ability of the man concerned.

Chief Minister should devote sufficient time to promote policies and programmes and to coordinate the work of different Ministers. He should function as the leader of the team and not merely its worker.

The Council of Ministers should work on the basis of joint responsibility irrespective of the Ministry being composed of single or multi parties.

In case of irreconcilable differences between the Chief Minister and any of his colleagues, the Chief Minister should straightway call for the resignation of concerned Minister and appropriate action taken in accordance with the provisions of the Constitution in case of non-compliance.

Each Minister should be provided with a free fur-

nished accommodation. The conveyance facilities now given may be continued. There should however, be a ceiling on the expenditure on perquisites.

Tours of Ministers should be classified into official and non-official categories—all personal, political and religious tours falling in the latter category. All official tours should be planned well in advance except those meant for surprise checks. The Chief Minister should be the controlling authority for ministerial tours, and every official tour programme of a Minister must receive his approval prior announcement and communication. Ministers should scrupulously avoid non-official work on official tours.

The Chief Minister should, in consultation with his colleagues, prescribe the maximum number of touring by Ministers and it should not normally exceed ten days in a month.

The existing Rules of Business may be so modified as to divest the Ministers of the responsibilities of going into routine administrative matters and confine their activities to the task of formulation of policies and programmes, exercise of supervision and coordination of the entire Governmental activity.

The code of conduct for legislators and Ministers set out in Annexures VI and VII respectively may be adopted by all the States.

### Secretariat

Government should make arrangements for a regular exchange of officers between the secretariat and the field agencies in all branches of activities and at various levels.

The salary, rank and status of position in the executive departments, such as Agriculture, Irrigation and Public Works should be fixed after a proper evaluation of the job content and Heads of the major executive Departments should carry a scale of pay and status not lower than, if not higher than of a Secretary to Government.

The selection of Secretaries to Government should be made by the Chief Minister in an appropriate manner on the recommendation of a High-level Committee including the Chief Secretary. They should be drawn from the best talents available in all fields of government activities. The only criterion for selection should be merit, experience and suitability for the job.

The number of Secretaries to Government should not ordinarily exceed ten. Wherever it is more, than the number should be brought down by suitable combination of departments. There should be corresponding reduction in the strength of officers and staff in the Secretariat.

The relationship between the Minister and the Secretary should be one of mutual just and confidence. Broad guidelines should be set down for this purpose. One such guideline should be that all oral instructions or approvals given by the Minister should be immediately confirmed in writing.

The Secretary should—

(a) give due weight and consideration for all proposals sent by the executive Heads ;

(b) secure all necessary information and clarifications through discussions across the table avoiding all necessary correspondence ; and

(c) obtain and convey Government decisions on proposals without delay.

The Secretariat—field relationship should be one of coordination and cooperation and not one of superior-subordinate.

The selection of Chief Secretary should be made with great care. He should usually be the senior-most fit person who by virtue of his ability, experience and integrity and impartiality, commands the respect and confidence of all officers.

The Secretariat must be action-oriented as indicated below :

(i) Levels of consideration should be not more than two excluding that of the Minister ;

(ii) Nothing should be minimum ;

(iii) The lowest level officers should dispose of all cases having clear precedents and policy-decisions as well as routine cases ;

(vi) There should be effective delegation of powers right from the Minister down the line ;

(v) The Secretariat should not deal with cases which do not fall within its purview ;

(vi) Maximum delegations of financial and administrative powers should be made to heads of field departments ;

(vii) Matters requiring consultations with different authorities should be considered at a meeting of all concerned and final decision taken ;

(viii) Evasion of responsibility and failure to exercise powers should be punished ; and

(ix) The staffing pattern should be restructured to the needs of the new system.

The Planning and Finance Departments should be combined. As a rule the Planning and Finance Departments should not undertake a second scrutiny of the proposals once they are examined and included in the Budget. Only scheme fully scrutinised should be included in the budget except in every rare cases.

There should be a Central Agency consisting of senior officers in the Secretariat to deal with matters of general application in regard to personnel. The direct control of personnel except those in Secretariat should

be left to the heads of departments and field agencies. In regard to transfer of officers the Secretariat should concern itself with officers of the rank of District Heads and above, leaving the rest to the concerned Heads of Departments.

#### Structure And Functions Of Departments In State Level Administration.

The centre should abolish the Animal Husbandry Division in the Ministry of Food and Agriculture and leave the overall research schemes to the Indian Council of Agricultural Research at the National level and the Agricultural Universities at the State level. The Central livestock forms may be handed over to the States, keeping, however, a small administrative unit with the expert in the field to deal with national and international problems concerning live stock. The Department of Animal Husbandry in the States should be a branch of the Department of Agriculture Production at the State level.

Whenever there is a separate Horticultural Department in the States, it may be wound up and integrated with the Department of Agriculture with such increased staff and adequate powers at appropriate levels for effective functioning as may be found necessary.

The Directorates of (i) Extension, (ii) Plant Protection, Quarantine and storage, (iii) Marketing and Inspection, and (iv) Economics and Statistics functioning under the Centre should be wound up. Centre may, however, retain small units with experts in each discipline to discharge constitutional and international obligations. The States should, however, strengthen their existing organisation in these disciplines wherever necessary.

The Department of Food in the Ministry of Food and Agriculture at the Centre should confine itself of policy matters, international obligations and agreements. It should be pruned to size for the performance of these limited functions.

It may entrust the Food Corporation of India with all commercial activities relating to foodgrains, both indigenous and imported, and enable it to function as an agency of government and or business lines.

All programmes and functions now entrusted to the Department of Food at the Centre and which fall within the purview of other departments, such as construction of godowns and modernization of rice mills, may be transferred to the concerned departments.

The State Governments may also establish State Food Corporations to perform functions similar to those of F.C.I. In such cases the functions of the two Corporations should be clearly demarcated. The Department of Food at the State level should be confined to the regulatory and other related functions. It should form a

part of the Civil Supplies Department.

The Department of Cooperation in the Ministry of Food, Agriculture, C.D. and Cooperation at the Centre should be reduced to a small unit for the performance of the limited functions of framing of policies and the discharge of International obligations. The aim of the Government should be the creation of Conducive climate for the growth of Cooperatives. Fixation of numerical targets for setting up of cooperating institutions should be avoided.

The following national levels organisations may be abolished—

- (i) National Cooperative Development Corporation ;
- (ii) National Cooperative Consumer Federation ;
- (iii) National Agriculture Marketing Cooperative Federation ; and
- (vi) National Federation of Industrial Cooperatives.

Non-official organisations which do only promotional work may, however, continue at the national level provided they are financed by the cooperatives themselves.

At the State level, the functions of the Cooperative Department should be limited to the following :

- (i) registration of Cooperatives, bye-laws and amendments ;
- (ii) supercession by the registrar of Boards of Directors or Managing Committees and the like of Cooperatives ;
- (iii) Cancellation of registration ;
- (iv) liquidation or voluntary amalgamation of societies ;
- (v) exercise of other regulatory functions under the Cooperative Law ; and
- (vi) All promotional and co-ordination work.

The various types of cooperatives functioning under different departments shall be brought under one supervision.

Cooperative movement should be de-officialised on a phased programme over a period of not more than five years by—

- (i) Withdrawal of Government officials deputed to help cooperatives, and
- (ii) Transfer of supervisory and allied functions vesting in Cooperative Department to State Level Cooperative Federations in different functional areas.

The structure and size of the Cooperative Department should be correspondingly reduced.

The Cooperative Law should be so modified as to remove all factors which adversely affect the spirit of autonomy and self-reliance in the cooperatives. In particular, the following should be removed :

- (i) Powers to direct compulsory amendment of bye-laws,

(ii) Restricting the freedom of cooperative societies in the matter of choice of financial institutions for having their financial transactions;

(iii) Powers to direct compulsory amalgamation and division of societies;

(iv) Powers to veto decisions taken by the societies either directly or indirectly, and

(v) Vesting of both judicial and administrative powers in regard to cooperatives in a single executive authority—like the Registrar.

The Cooperative Law should amongst other things provide for the following—

(i) The State level Cooperative Federations in different functional areas should be vested with the responsibility for planning, recruitment, training and management of cooperative personnel including their encadrements;

(ii) Independent audit of cooperatives. All institutions of magnitude such as the apex cooperative banks, sugar factories should be audited by professional auditors and the rest by qualified departmental auditor. The Chief Auditors may provide a panel of professional auditors and departmental auditors for the purpose;

(iii) Appointment of Cooperative Tribunals at appropriate levels for the settlement of disputes;

(iv) For running the cooperatives strictly in accordance with business and banking principles.

The three-tier system in the cooperative hierarchy should be reduced to two preferably abolishing the apex body.

All monopolies in cooperatives in economic field should be withdrawn and the State patronage should be limited to extremely weak areas and, that too, for a limited period.

The various components of Community Development should be merged in their respective departments. The rigid schematic approach should be abolished. All programmes of rural development may be undertaken by Panchayati Raj institutions.

The three-tier pattern of Panchayati Raj institutions should not be insisted upon. Each State should be free to limit the tiers to such numbers as it deems fit. Functions, duties and responsibilities of each tier should be clearly defined and demarcated to prevent conflicts and overlapping. They should be consistent with the resources, equipment and talent available. They should not be burdened with big programmes like Agricultural production. They may do promotional work. They should have independent financial resources and internal autonomy.

The present system of elections to the Village Panchayats based on secret ballot may be abolished and replaced by a system of selection by lot from amongst the valid applications after the time limit for with-

drawals is over. All applications for membership should be proposed by at least twenty voters and seconded by twenty others with a view to missing the number of contestants. The application fee for membership may be Rs. 25 and Rs. 50 for the chairmanship.

A High-power Ad hoc Body may be appointed in each State to examine every five years the overgrowth of departments and personnel in services and prove them to the needs of administration.

The expenditure on salaries and allowances of service personnel which has reached the peak of nearly 70 per cent of revenue expenditure in one of the States should be scaled down to one-third of the State Revenue expenditure at the maximum by appropriate rationalisation of the number of departments and service personnel.

The wide disparity between the highest and the lowest paid officials should be reduced. The lowest paid should get minimum emoluments of Rs. 125 per mensem and the highest should not get above Rs. 2500 per mensem.

There should not be more than one head of the department. If there are more, one should be designated as the head of the department except the designation, status and charge. The structure of a department should not be changed except extraordinary circumstances and that too to meet genuine needs.

A Committee of Officers in each department should review the need for the number of returns and reports, meetings, seminars and conferences to be attended by officers of the department and reduce them to the minimum by changing the rules and regulations, if necessary.

The selection of Head of Departments should be based on their past performances and achievements. They should be experts in their own fields and possess adequate powers to deal with situations, fix responsibilities at different levels and enforce discipline amongst the services under their command.

There should be a single line of command from the Head of the Department down to the lowest level to ensure effective control, supervision and discipline. The Heads of Departments should be held responsible for success or failures in the implementation of programmes and the set up of the Departments should appropriately be designed and staffed to secure this.

The area of controls should be reduced to the barest minimum necessary. They should be enforced only to the limited period that situations may demand.

Standards of recruitment and training of the personnel to the Law and Order Department should be set high and rigid. Adequate arrangements for periodical screening to weed out undesirables should be provided. Their pay scales should be fixed keeping in view the onerous and difficult nature of their duties and respon-

sibilities.

Boards of Revenue may be abolished wherever they are in existence and Divisional Commissioners should be appointed in all States excepting small ones.

The Divisional Commissioners should have adequate statutory and delegated powers. Their decisions should be made final in as many areas as possible and scope for appeal strictly limited.

### District Administration

The development wings should be separated from the regulatory wing at the district level. The District Officers of each discipline in the development department should be the District Development Officers for that discipline. A separate officer equal in rank, status, power and emoluments to those of the Collector, may be appointed to give undivided attention to the development work in the district. This position may be held either by the President of the Zila Parishads or any of the senior officers of the Development Departments, the choice, however, being left to the State.

The Collector may continue to be in charge of collection of taxes and revenues, exercise of quasi-judicial and regulatory functions, maintenance of land records, law and order and all residuary functions.

No officer of less than ten years of service should be generally put in charge of the District as District Magistrate and Collector or Superintendent of Police.

His main functions shall be :

- (i) Maintenance of law and order in the district ;
- (ii) Land Administration and settlement of disputes arising from land grants ; survey and settlement ; acquisition of land for public purposes and payment of compensation ; disbursement of loans and grants ; transfer of properties ; maintenance of record of rights and the like.
- (iii) Purposeful and periodical inspections of taluk and sub-divisional and other offices under his command, prompt attention to public grievances and exercise of discipline and control over the services under his control.
- (iv) Assessment and collection of taxes and attend to revision, reviews and appeals.
- (v) Administration of regulatory and quasi-judicial functions under various statutes and control orders, including levy, procurement and regulation of food-grains and scarce commodities like cement, iron and the like.

(vi) To attend to all protocol duties in regard to the visits of V.I.P.s., Ministers and other dignitaries.

(vii) Control and supervision of subordinate offices and discharge of all statutory duties under the various acts pertaining to local governments like panchayats, taluk boards, zila parishads and municipal adminis-



tration.

(viii) Attend to natural calamities from fire, floods, famine, etc., and other functional areas.

(ix) Miscellaneous functions and duties provided under various Acts such as District Registrar and Chief Executive Officer under the Religious and Charitable Endowment Act.

Arrangements should be made to give such training as may be necessary to enable the police to acquire adequate judicial background so that they may be able to take judicial view of situations when the entire responsibility for law and order is ultimately vested in them. Till then the present system may continue.

The officer incharge of the District for law and order and collection of revenue should be designated as District Magistrate and Collector throughout the country.

In all cases where the public are required to make deposits to government treasuries and produce the challan, arrangements may be made to receive money in cash, passing a receipt for doing so by the department itself.

The Deputy Commissioner may be reinstated as the officer-in-charge of Treasuries wherever this is not so.

#### Public Services

The present classification of services as Class I, Class II, III and IV and as Gazetted and non-gazetted may be abolished. There should be a uniform graded vertical structure of pay scales for the posts. The posts should be classified on the following principles in all disciplines—

- (i) Complexity and strenuousness of duties ;
- (ii) Scope and magnitude of responsibilities ; and
- (iii) Knowledge and skills needed and suitable pay scales assigned to the posts.

Appropriate procedures for recruitment to the posts and series of posts should be made taking into consideration the above principles.

There should be a Central Personnel Agency working under the guidance of the Chief Secretary in each State subject to the overall direction of Government. The main functions of this agency should be :

- (i) Personnel planning ;
- (ii) Framing of recruitment and service rules in consultation with the Public Service Commission ;
- (iii) Framing of personnel policies and programmes of training ;
- (iv) Personnel welfare ;
- (v) Efficiency audit ;
- (vi) Classification of posts based on the recommendations.

Selection of Chairman and Members of the Public Service Commission should be made from amongst

those who would inspire confidence in all. They should have distinguished themselves in any one or more of fields of literature, science, law or technology or administration or in any specified profession.

There should be a Departmental Service Commission for recruiting personnel under the exempted categories composed of departmental officers who can inspire confidence.

Except in the case of contractual appointments all entrants to government service should come only with the expectation and not guarantee of employment for life time. Established status should not be taken to mean iron clad security and automatic promotion without relation to performance.

All new entrants to service shall be on probation for two years. On successful probation for 2 years employees may be offered indefinite employment subject to a reasonably long period of notice say up to three months on each side.

Employees should be subjected to retirement at any stage if they do not give satisfactory performance. Such retirement shall be on the following grounds—

- (i) Redundancy (in circumstances in which he cannot be given a comparable job in any other branch or department).
- (ii) Unsuitability on account of ill-health.
- (iii) Disciplinary reasons, such as misconduct or unreasonable refusal to go to another job
- (iv) Culpable inefficiency.

In respect of subordinate staff the Head of the office should initiate the case. A Scrutiny Committee consisting of a senior officer of the department to be nominated for the purpose, the head of the office and an officer of the Personnel Branch should be appointed in each department for the purpose.

In respect of senior officials below the rank of the head of the department, the head of the department will initiate the case. The Scrutiny Committee should consist of the Secretary to Government of the concerned department, the head of the department and one of the members of the Public Service Commission.

In respect of heads of departments and Secretaries the Chief Secretary should initiate the case. The Scrutiny Committee should consist of the Chief Secretary, the Chairman of the Public Service Commission and any other Senior Secretary.

The functions of each service should be clearly defined and laid down. For example, the Indian Administrative Service should be assigned the law and order and regulatory functions, the Indian Police Service, the police functions, the Indian Engineering Service, the engineering functions, and so on.

The State Public Service Commissions, under the general and specific guidelines to be set down by the

Union Public Service Commission, make recruitment to posts up to and including the posts corresponding to the present Junior Class I positions like the Assistant Collectors, Assistant Superintendent of Police, etc. There need, therefore, be no separate recruitment to the equivalent positions by the State Public Service Commissions. The terms and conditions of service of candidates recruited to comparable positions on the basis of this recruitment shall be the same. The posts of the level of District Officers shall be filled by promotion from among the candidates in the lower grades on the basis of a vigorous selection process.

A new cadre may be created for filling the higher management positions, above the level of the District Officers from among suitable members of all services who have put in a period of 12 years or more. The strength of this cadre may include a quota for deputation to the Centre. The selection to this cadre may include a quota for deputation to the Centre. The selection to this cadre may be made by the Union Public Service Commission.

Appointment to selection posts shall be made on the recommendation of a Committee with the Chairman of the Public Service Commission, as its Chairman, the Chief Secretary and any other Senior Secretary as Member. Opportunity should be thrown open to all so as to attract the best talent.

All tendencies to create higher appointments including super time scale posts for purposes of satisfying the aspirations of individuals in services should be mercilessly curbed.

The procedure for evaluation of an official should inter alia provide for—

- (i) a brief self-assessment by the official to be considered by the reporting officer ;
- (ii) an indication of the basis of assessment ;
- (iii) a discussion of the assessment by the reporting officer with the counter-signing officer before counter-signature ;
- (iv) supply of the copy of the assessment to the official reported on ; and
- (v) an opportunity for representation to an appellate authority.

Selections for promotions should be made by departmental promotion committee of appropriate status and rank and its recommendations should generally be accepted. The promotion committees may give an opportunity for representation against supersession to aggrieved officials.

Selection posts should be limited only to very specialised assignments for which special aptitude, training and educational qualifications are necessary. Selection should be made by appropriate and competent authority on the basis of tests—written or a oral

or both.

Promotions should ordinarily be made on the basis of seniority subject to rejection of unfit in the case of selection posts.

In the case of appointments requiring necessary skills which could be acquired before recruitment, government should recruit only those who have acquired necessary qualifications.

All other recruits—clerical or executive should be given adequate institutional and on-the-job training for a prescribed period. They should undergo a test at the end of the training. Those who do not come up to the standard should be discharged.

Periodical refresher courses should be given to all persons in service in order to enable them to keep abreast of the changes in the organisation, methods, or work and procedure, etc. These refresher courses should be action-oriented and purposeful. They must be imparted at convenient centres and not at out of the places like Mussoorie and Simla.

The foreign training should be pre-planned and need-based. The training imparted should be adequately utilised.

There should be training colleges both for the different services in each State in addition to a Central Training College.

There should ordinarily be no transfers of low officials, such as clerks, teachers, nurses and professionals, such as doctors, scientists, extension officers in technical disciplines except in extraordinary cases necessitated by public interest. In case some of them are to be transferred on promotion, they may be continued on the same work on the increased pay till the specific arrangement is completed.

Periodical transfers in key posts and in sensitive areas may, however, be done to prevent abuse of powers, malpractices and entrenchments of vested interests.

Jobs should be evaluated and classified into equivalent levels for this purpose on the basis of complexity and difficulties of duties and responsibilities, knowledge and skill needed in different disciplines and pay scales fixed accordingly.

Government should set up—

(a) An appropriate machinery to solve the grievances of employees in the matter of facilities for work, removal of difficulties in the execution of work and provision of necessary tools and equipment for the smooth and proper working of administration.

(b) Administrative tribunals to deal with representations and appeals in service matter.

The rules and procedures for dealing with disciplinary cases should be simplified so as to enable quick and effective disposal of cases.

There should be adequate delegation of disciplinary powers to all supervisory officers so that the immediate superiors may effectively deal with in subordination and indiscipline.

Government employees may be permitted to form association or unions for the limited purpose of looking after welfare activities, such as relaxation, sports, entertainment, Cooperative organisations for supplies and services, etc.

The Service Rules should provide for effectively prohibiting strikes, gheraos and demonstrations—sympathetic, symbolic or otherwise and such other activities including criticism of government policies which have the effect of bringing government into disrepute. If necessary, the Constitution may be amended without loss of time.

All Civil Services should be treated alike with the Armed Forces and the Police in regard to maintenance of discipline in administration.

#### Administrative Procedures And Methods

The planning machinery should be adequately equipped to assess correctly the social and economic needs of the country and should make a proper assignment of priorities of programmes subjecting ideological considerations to considerations of practical value and benefit to the people.

There should be a State Planning Board placed on a permanent footing in each State consisting of members not exceeding 5 in number including the Chairman. Separate departments, as such, if any, should be abolished. The Chief Minister should generally be the Chairman and a senior member, the Vice-Chairman of The Board.

Only persons distinguished in the relevant field like Agriculture, Industry, Planning, Education etc, should be chosen as Members of the State Planning Board. They may be drawn from amongst officials or non-officials.

The functions of the State Planning Board may, among other things, be as follows :—

(i) Assessment of financial and other resources of the State ;

(ii) Formulation of plans for the most effective and balanced utilisation of the available resources.

(iii) Determination of priorities within the framework of the national policies ;

(iv) Assisting District level Officer and District Level Institutions in formulating a realistic plan ;

(v) Association of the representatives of various interests before finalising the draft plan by inviting them for discussion ; and

(vi) Evaluation of Plan performances.

The plans and programmes to be prepared by the State Planning Board should not in any manner be

inconsistent with the National Policies and programmes laid down by the Central Planning Commission.

A Standing Committee consisting of members of both the Houses of legislature may be set up in all States where it is not in existence to discuss and advise on plan schemes and their performances. This Committee may also serve as an informal consultative committee on planning and development.

The recommendations of the State Planning Board should be considered and approved by the State Cabinet. The State Planning Board should discuss the draft plan with the representatives of various interests before finalising it.

Plans and programmes should be worked out in as great detail and thoroughness as possible without leaving things for adjustments as and when contingencies arise.

Economic and social control measures should be as few as possible and operate both in point of time and extent to the inevitable minimum. Abuse of power in the exercise of controls and permits should be drastically dealt with.

The plans should essentially be rural-oriented and be effectively implemented at field levels. Emphasis should shift from the urban to the rural economy. The urban economy is will improve once the rural economy put on the upgrade.

The district should be the basic unit for planning. An economic survey of all natural resources and the local needs of each unit should be made before formulation of plans. Regional planning should be made where the programmes cut across the district boundaries and benefit the people of the region as a whole. The Zila Parishad and other representatives of the people of the area should be actively associated with the formulation of the plans.

Government should set for itself limits for its activities in economic fields. It should confine itself to such areas which lack competitive agencies to serve the people and to the entire area of strategic importance essential for the safety and security of the country. In all other areas, it should encourage the normal channels and agencies to function, subject to such overall control, regulation and supervision of government as may be found necessary.

Budget should be meticulously prepared and rigorously enforced. Only schemes fully examined and approved should be included in the budget. Inclusion of provisional schemes should be more and exceptional. Non-plan development expenditure should be brought under the plan expenditure.

The role of post-audit should be intensified in order to ensure correct spending of public funds.

As a rule, the leader of the Opposition in the Legislature should be the Chairman of the Public Accounts

Committee to ensure greater confidence and equality of opportunity in checking governmental spendings, as in the case of Madras.

Rules should be so amended as to require that all audit objections at different levels are replied within a month from the date of receipt, failing which the objections should be deemed to have been accepted by the concerned officer.

If replies to audit objections from the concerned officer sent to the Head of the Department for further comments and explanations are not attended to by the Head of the Department within a prescribed period of not more than six weeks, the objections should be deemed to have been fully accepted by the department.

Unsatisfactory explanations, if any, received by the audit from the head of the department, should be sent to the concerned Secretary to government for further comments within a prescribed time limit of not more than six weeks. If no reply is received in time, the explanations should be deemed to have been accepted by government.

Audit should confine itself to its legitimate functions and refrain from interpretation of legal provisions and commenting on exercise of judicial or quasi-judicial powers.

Officers who enjoy statutory powers should be vested with authority to delegate powers further down below.

A better 'distribution' of work as between the secretary and the Secretariat officers below him should be made to ensure speedy disposal of work. The different levels in the Secretariat should function as decision-making levels in their allotted sphere of work as recommended in the report.

Adequate disciplinary powers should be delegated to all inspecting and supervisory authorities at all levels and in all departments.

The State Governments should review the financial competence limits of various heads of spending departments, such as irrigation and Power, Roads and Buildings and Transport and raise them suitably and make appropriate changes in the limits. All delegations should be in clear and simple language and should not involve ambiguities.

There should be no interventions whatsoever in exercise of delegated authority. All such interventions as well as non-exercise of delegated powers and evasion of responsibilities should be made punishable.

The Planning should be made in detail and with thoroughness that inter-related functions should be brought under one department as recommended in para 55 and that there should be a fixed number of departments and portfolios as recommended before.

The coordination meetings, inter-departmental conferences, etc., both within and outside the State should

be reduced to the minimum. They should be made business-like and purposeful.

Rules should make it clear that the directions of the coordinating authority shall be complied with by concerned executive.

The provisions relating to periodical and other prescribed inspections by the inspecting and supervising officers at various levels should be meticulously carried out and any laxity in this regard should be severely dealt with.

The Collector should confine himself to his legitimate duties and devote greater attention to effective supervision of the work of his subordinates by regular and surprise checks.

The system of centrally sponsored and pattern schemes should be abolished.

The Centre should provide subsidies and grants to the States in blocks based on rational principles and scientific basis.

The Centre should advance loans to the States on business terms for specific schemes after due examination by experts as a safeguard against indiscriminate waste.

A time-limit of one year should be prescribed for settlement of Inter-State River Water Disputes through negotiations under the aegis of the Central Government, failing which the dispute should be automatically referred to Arbitration under the Inter-State River Water Dispute Act. Suitable amendment of the Act may be effected.

### Public Grievances

Government should give priority considerations to the following preventive measures which will either plug or minimise sources of public grievances.

(a) The range of economic controls to be reduced to the minimum and operated only to the extent to the time and area necessary.

(b) Rigorous enforcement of Rule of Law.

(c) Rules and Procedures to be made clear cut, unambiguous and expressed in simple language.

(d) Number of decision taking levels to be increased and delegation of powers to be adequate.

(e) Area of discretionary powers to be reduced to the minimum.

(f) Severe punishment to be imposed for ;

(i) non-exercise of powers ;

(ii) evasion of responsibilities ;

(iii) improper exercise and abuse of powers ;

(iv) discrimination on grounds of caste, community and region.

(a) Adequate training to be given to all officers in—

(i) Public relations ;

(ii) Methods and procedures.

(h) Public to be well educated—  
 (i) on points of contacts ;  
 (ii) procedures to be adopted in their dealings with government machinery for their various requirements

(i) Special arrangements to be made to provide all literature pertaining to common laws, rules and procedures, points of contact, etc. in English and the regional languages down to the taluk or block level.

(j) Political executive to refrain from holding out false assurances on grounds of expediency and popularity.

(k) Effective control to be exercised over undue political and administrative interferences in the process of administration.

Government should arrange for the following curative measures :

(i) All petitions containing justiciable complaints should be straightway rejected and the parties asked to seek redress in Court of law.

(ii) All petitions, whatever may be the level at which they are received, should be directed to the decision taking levels for disposal without calling for reports unless the decision is to be taken at the receiving level.

(iii) All petitions should be acknowledged and the party intimated of the action taken.

(iv) All decisions taken should be immediately intimated to the petitioners so that it may avoid further correspondence on the subject and enable the petitioner to go on appeal if he prefers to do so.

(v) Exercise of effective supervision and inspection from top to bottom all along the line in regard to the disposal of grievances.

(vi) A systematic method of classification and expeditious disposal of petitions to be enforced.

Disciplinary proceedings should be made more simple, and action to be taken against erring officials expeditiously.

The States may set up more than one Disciplinary Tribunals at convenient Centres if the volume of work so requires.

High level ad hoc tribunals to be set up, if necessary, to deal with complaints of malpractices at higher levels.

The States which have not accepted the Lokpal and Lokayuktha institutions may enact a law on the lines of Uttar Pradesh Public Men's Enquiries Ordinance as in Annexure XII.

#### Annexure-XII

#### The Uttar Pradesh Public Men Inquiries Ordinance (1968)

(With explanatory notes)  
 Soochna Vibhag, Uttar Pradesh

CHARAN SINGH,  
 Mukhya Mantri,  
 Uttar Pradesh.  
 Dear Sir,

Vidhan Bhavan, Lucknow,  
 December 9, 1967.

Public opinion has, for the last several years, been greatly exercised over the problem of corruption among persons holding political offices in the country, and the question has been debated at length in Parliament as well as in various States Legislatures. The Santhanam Committee and the Administrative Reforms Commission have also made concrete proposals with a view to tackling the problem.

You are also aware that in the past the late Prime Minister Pandit Nehru, was obliged under pressure of public opinion to have inquiries made into allegations of corruption against his own Ministers of State Governments. Such inquiries have taken various forms, but did not always give satisfaction either to the complainant or to the person accused, or were found to be unfruitful in the sense that follow-up action had to await the pleasure of the Government of the day. After the last general elections, some Commissions of inquiry have been set up in various States against members of outgoing Governments, and this action has been the subject of adverse comments in certain quarters.

In our State we have, after careful consideration of the provisions of Commissions of Inquiry Act, the Lokpal Scheme as recommended by the Administrative Reforms Commissions, the existing provisions of criminal law and procedure, the constitutional provisions and the Report of the Royal Commission on Tribunals of Inquiry as well as the British Governments' White Paper on the Parliamentary Commission for Administration, prepared a scheme to tackle this problem fairly, and issued the U.P. Public Men Inquiries Ordinance, 1967, on the basis of that scheme.

I take it that you will be interested in the details of this scheme. I am accordingly sending herewith a copy of the Ordinance along with a note explaining its features and also why it was preferred to the Lokpal Scheme, recommended by the Administrative Reforms Commission.

With regards,

Yours sincerely,

CHARAN SINGH

#### A Note on the U.P. Public Men Inquiries Ordinance, (1967)

I—Genesis of the Scheme : The Administrative Reforms Commission appointed by the Government of India in January, 1966, has, in its interim report, taken note of the growing encroachment by the State on citizens' rights, and of "The multifarious activities of the

administration, ranging over a vast field," by which the citizen is affected. It has noted that "the operation of controls relating to the various commodities which he needs, the provision of many services intended for general benefit and welfare, "the operation of the contractual relations between himself and the Government in various spheres, and the regulation of property rights and of the various social services such as labour, banking insurance and provident funds" bring the machinery of the State "directly into contact or conflict with the citizen", and not only affect him in the pursuit of his daily avocations, but provide "sensitive spots, out of which spring many causes of public discontent and dissatisfaction". The Commission has taken into account the existing safeguards for the citizen, and noted the deficiency of these safeguards. The Commission reached the conclusion that there was a vast area of Administrative discretion, in which facility for redress of the citizens' grievances was not available. It, therefore, recommended the setting up of one central authority designated as "Lokpal" for dealing with complaints against Ministers and Secretaries of the Government of India as well as of various State Governments, and of another authority designated as "Lokayukt", to be appointed, one at the Centre and one in each State, for dealing with complaints against other officials. It has envisaged that these bodies will be able to look into individual grievances of the citizen and provide redress, and would also be able to deal with cases of corruption involving actions dictated by corrupt motive or favouritism.

A very large number of actions, which are the subject of complaints by the citizens, are based upon inefficiency carelessness and thoughtlessness of the public functionary concerned. It can be corrected by appropriate measures; but a more basic difficulty arises when the public functionary concerned is corrupt or where the action complained of has proceeded from a corrupt motive.

There can be no doubt that public opinion has been agitated, for a long time, over the existence and prevalence of corruption in administration. The interim report of the Administrative Reforms Commission has itself noted the existence of such a public opinion, and earlier the Santhanam Committee also expressed grave concern over the problem.

Even under the existing law it was possible for Government to hold any secret or open inquiry, either under criminal law or through C.I.D. or under the Commissions of Inquiry Act, but this position was considered highly unsatisfactory for several reasons. One is that where a complaint is made against a present Minister, then if the Chief Minister after examining the complaint is satisfied that the complaint is baseless and

or that reason no inquiry is ordered, there is often public criticism suggesting that the Chief Minister wanted to shield his party colleagues. On the other hand, if Government orders an inquiry against a person who holds or has held a high political office, and that person belongs to a political party other than the party in power, it is open to the criticism that the party in power wants to indulge in political vendetta. There is again sometimes criticism in respect of choice of judges by Government for holding inquiries, which criticism, even when unfounded, is liable to shake public confidence in the impartiality of the judiciary. Thirdly, Judges, however eminent and able, can only act on the evidence that is presented before them. While private complainants do not have the means of collecting evidence, evidence that may be collected by a Government investigation agency is liable to the suspect as partisan.

It is necessary that complaints of corruption against men in public life or against their official action, should be capable of being investigated by an agency independent of the executive Government. The agency should consist of officials, with security of tenure not terminable by the executive Government, and having no expectations of favours or fear of harm from the Government or its officials. It is also necessary to provide for inquiry by a person in whom the public may have confidence and whose selection or choice should not be left to the executive Government. It is only such an independent agency for inquiry, which would be able to indicate the innocent in the public eye and condemnation by whom will be considered to be fair and impartial.

It is thus necessary to ensure that Government will have no power to prevent an investigation or inquiry from being held if required by any person, that Government will have no hand in the selection of judges, and that the investigating agency will be completely insulated from the influence of the Government and that its officers will have no reason to fear nor any occasion to look for any favour from Government.

Immediately after taking office, the new Chief Minister, Shri Charan Singh, expressed his determination to tackle the problem, and in his reply to the debate on the General Administration grant in the Legislative Assembly at its last budget session spelt out the details of the scheme he had in mind. Later, after detailed consideration at the highest level, the scheme was given legal shape and the U.P. Public Men Inquiries Ordinance, 1967, was promulgated on October 21, 1967.

II—Salient Features of the Scheme: It may be mentioned that provisions of the Ordinance are confined to complaints against certain public functionaries at the top, namely, Ministers, Deputy Ministers, Parliamentary Secretaries, Members of the Legislature, Adhyakshas

and Upadhyakshas of Zila Parishads, Nagar Pramukhs and Up Nagar Pramukhs of Nagar Mahapalikas, and Presidents and Vice-Presidents of 1st class Municipalities.

The scheme, in short, provides that any person may make a complaint of misconduct against a present or past holder or any of the offices mentioned above to the Governor for inquiry. He will be required to file an affidavit in support of the complaint and to deposit a security of Rs. 1,000. The Governor will then request the Chief Justice of the High Court for nominating a Judge for preliminary scrutiny.

The Governor may also of his own motion refer any accusation for preliminary scrutiny as aforesaid. The Judge in the case of a Minister, Parliamentary Secretary, Nagar Pramukh or Up Nagar Pramukh will be a serving High Court Judge or a retired Supreme Court Judge, while that in the case of others will be from amongst serving District Judges.

The Judge so nominated will scrutinise the complaint informally and, if necessary, with the assistance of the investigation establishment, and if he thinks that the complaint has prima facie no merit he shall report to that effect with his reasons to the Governor and the report shall be laid before the Legislature. In such a case the security deposit shall be forfeited. In other cases the Judge shall directly send the complaint for investigation to the independent agency called the Chief Investigator's Establishment.

Independence of the staff of this new establishment is ensured by providing that they cannot be removed, that they cannot go back to their parent service and that they cannot in future hold any other office under the Government. The Investigating Establishment will consist of specially picked police officers, who shall be selected by the Chief Investigator personally, and the Chief Investigator shall be appointed by the Governor, in consultation with the Chairman, Public Service Commission. The Investigators' staff will have the same powers as police officers under Cr. P. C.

The report made by the Investigation establishment shall be submitted to the Governor who shall refer the report immediately to a Commission of Inquiry appointed in the same manner as mentioned above in respect of the Scrutiny Judge. The Commission's proceedings shall be public and according to judicial procedure and its findings shall be publicly pronounced. The Commission may not only find the accused guilty, but also order his prosecution in a regular court for an offence of corruption under the ordinary law, may award costs to an innocent accused, or order the prosecution for perjury of a complainant or other witness who has sworn a false affidavit or otherwise given false evidence.

The new law has thus the following special features—

(i) The machinery of inquiry and investigation would be set in motion, not merely on the wishes of the Government of the day, but also on a complaint by any person, provided the complaint is verified by him and necessary security is deposited.

(ii) The Judges, who would inquire into the complaints, would not be selected by the Government, but the Chief Justice of the High Court.

(iii) The Judge inquiring into the complaints would be assisted by an independent investigating agency.

(iv) The impartiality and independence of the investigating agency would be secured by the following provisions.

(a) The Investigating Establishment will have a Chief Investigator and a Deputy Chief Investigator who would be appointed by the Chief Investigator himself.

(b) After appointment, the person selected would have to resign from any post under the Government, which he might be holding, within a period of six months, so as to cut off, for ever, all his connection with any Government service.

(c) On retirement, removal or resignation, the officials in the Investigation Establishment would be ineligible for holding any other office of profit under the Government.

(d) The Chief Investigator or the Deputy Chief Investigator would be removable only by a procedure similar to that for the removal of the Chairman and Members of the Public Service Commission, i.e., on the ground of misconduct or incapacity, found against him by the High Court.

(e) The conditions of service of a member of the establishment shall not be liable to be varied to his disadvantage after his appointment. Under a contract between him and the State Government, it would be ensured that even if his post is abolished or the establishment itself is terminated, he would be entitled to compensation equivalent to his emoluments for the remaining period of his service. No person who is appointed on the investigation establishment, would be able to revert, or be liable to be recalled, to the service from which he had resigned.

(v) If a complaint is found to be false, or false evidence has been given for providing a complaint, the person making the complaint would be liable to be prosecuted and the person complained against would be entitled to his costs, recoverable through the Civil Court.

(vi) The scheme does not aim at the award of any punishment by the Commission of inquiry itself. Where



the Commission of inquiry finds that the act complained of amounts to a criminal offence, the Chief Investigator would be required,—and the Government of the day will have no discretion in the matter,—to prosecute the person concerned in a Criminal Court. The Chief Investigator would appoint his own counsel for the purpose. About persons found not guilty, the finding would be made public.

(vii) It is provided for in the case of Nagar Pramukhs, Up Nagar Pramukhs, Adhyakshas, Upadhyakshas and Presidents and Vice-Presidents of local bodies, that their removal or suspension would, hereafter, be based only upon an investigation and inquiry under the proposed law, and not on the basis of a departmental inquiry against which allegations of political malafide could be made. If such a person is found to be guilty, it will be obligatory on the Government to remove him from office; and this would not be merely discretionary, as at present.

(viii) It is expected that when there is a similar finding of guilt in the case of a Member of Legislature or a Minister, he shall resign. The Legislature itself would be expected to exercise its privilege jurisdiction against the Member concerned. A Minister held guilty, but not resigning, can be dismissed by the Governor.

(ix) The provision that every verdict of innocence by the Scrutiny Judge shall be laid before the Legislature and that the findings of the Commission of inquiry shall be pronounced in public is expected to operate as a healthy check on the Judges who are entrusted with the inquiry. Openness and publicity are essential requisites of judicial fairness.

(x) No Government willingly wants to part with any power and no Government likes to subject its own members or political supporters to open inquiries at the instance of others, and yet this is what the State Government has actually done through this ordinance.

It would, therefore, be seen that the proposed provision aims at going into the root of political corruption, and provides, within the framework of the ordinary laws and the constitution, for a machinery for independent investigation and speedy and impartial inquiry into all allegations of corruption.

**III—Scheme, an Improvement on the Lokpal Schemes :** The Scheme is considered an improvement upon the Lokpal scheme suggested by the Administrative Reforms Commission for the following reasons :

(a) The proposed provision aims at going into the root of corruption among the highest functionaries of State. The scheme covers not only Ministers, Deputy Ministers, Parliamentary Secretaries, etc., holding office at the time of the complaint but even those who have held such offices in the past and have ceased to hold office not earlier than five years before the date of com-

plaint.

(b) The institution of Lokpal is intended merely to supplement the Legislature's control over the administration. There are at present Petitions Committees and Public Accounts Committee, assisted by the Auditor General and the Accountant General. The institution of Lokpal would be an addition only, though possibly a valuable addition, to such institutions. It will look into individual grievances for bringing them to the notice of the Minister, the Secretary or the Legislature, but it would not be in a position to provide independent investigation or an impartial inquiry into specific cases of corruption.

(c) There is likelihood that the machinery for ventilation of individual grievances envisaged in the Lokpal Scheme may be so much flooded with complaints that it may become ineffective because of the very volume of complaints that it has to handle. In the present scheme, which is directed at the source of the trouble, the field for such possibility is narrower and, therefore, it is likely to be more effective.

(d) There is a risk that the Lokpal, by seeking to go into every complaint and individual grievances, may, instead of accelerating the administrative process, slow it down. There is no such danger in the present scheme.

(e) The problem of corruption is not envisaged to be the primary concern of the Lokpal Scheme, though it may incidentally arise in individual cases. The present scheme makes the problem of corruption its primary concern and, therefore, provides for a speedy and impartial investigation and inquiry into such complaints, without the intervention of pressure, or any kind, by the Government of the day. It also provides for automatically setting in motion the machinery of criminal courts in consequence of the findings of such inquiry. The scheme thus makes the existing procedural provisions of criminal law more effective.

The Lokpal Scheme completely neglects the legislators. The proposed scheme brings the Members of Legislature also within its purview.

(g) The Administrative Reforms Commission's Scheme is silent on the provision of an investigating agency. It is true that the Lokpal will have his own staff, but there is nothing to ensure that such staff will have experience in criminal investigation would be completely free from victimisation or temptations of undue favour. The fact that there is no Government control over the investigating agency in the scheme proposed in the Ordinance is expected to make it more efficient, impartial and worthy of public confidence.

(h) The Lokpal Scheme is not suited for a federal set-up. It is not appropriate that Ministers answerable to the State Ministers, should all be subject to indirect

accountability, in respect of their official acts, even honest acts, to a central agency.

(i) The Administrative Reforms Commission recognised that, for proper functioning of the Lokpal scheme, an amendment of the constitution would be necessary. It has, however, not dealt with that problem, nor has it tried to define, the nature of the required Constitutional amendments. The proposed scheme is free from this difficulty and there will also be little possibility of inquiries being held up by the accused invoking the writ jurisdiction to delay the progress of inquiry proceedings.

## **The Uttar Pradesh Public Men Inquiries Ordinance 1968**

**(U.P. Ordinance No. III of 1968)**

### **An Ordinance**

To provide for the investigation of and inquiry into accusations of misconduct against certain classes of persons who are or have been in the public life of Uttar Pradesh, and for matters connected therewith.

Whereas the State Legislature is not in session and the Governor is satisfied that circumstances exist which render it necessary for him to take immediate action.

Now, therefore, in exercise of powers conferred by clause (1) of Article 213 of the constitution, the Governor is pleased to promulgate the following Ordinance :

### **Chapter I—Preliminary**

1. Short title, Extent and Commencement : (1) This ordinance may be called the Uttar Pradesh Public Men Inquiries Ordinance, 1968.

(2) It extends to the whole Uttar Pradesh.

(3) It shall be deemed to have come into force on the twenty-first day of October, 1967.

2. Definitions : In this Ordinance, unless the context otherwise requires—

(a) "accusation" or "accusation to which this Ordinance applies" means any imputation of misconduct against a person who holds or has held, in Uttar Pradesh, any of the following offices and having relation to his position as such—

(i) A Minister ;

(ii) An Adhyaksha or Upadhyaksha of a Zila Parishad ;

(iii) A Nagar Pramukh or Up Nagar Pramukh of a Nagar Mahapalika ;

(iv) U.P. Act II of 1916 : A President or Vice-President of the Municipal Board of a "city" as defined in clause (4) of section 2 of the U.P. Municipalities Act, 1916 ;

(v) A member of the Uttar Pradesh Legislative

Assembly or Legislative Council ; or

(vi) A non-official Chairman or Vice-Chairman, including every office-bearer of that description by whatever name called or Managing Director, of a District-level Central Society or of an apex society, registered under any law relating to co-operative societies for the time being in force.

**Explanation :** In this clause "central society" means a co-operative society which includes in its membership other co-operative societies, and "apex society" means a State-level Central Society ;

(b) "Chief Investigator" means the Chief Investigator, Uttar Pradesh, appointed under section 7 ;

(c) "Chief Justice" means the Chief Justice of the High Court of Judicature at Allahabad ;

(d) "Commission" means the Commission of Inquiry constituted under Chapter IV ;

(e) "Governor" means the Governor of Uttar Pradesh ;

(f) "Inquiry under this Ordinance" means inquiry by the Commission under Chapter IV ;

(g) "Investigation", in relation to an accusation, means investigation under section 16, and includes any assistance rendered by the Chief Investigator or members of his establishment to the Judge for purposes of scrutiny under clause (c) of sub-section (1) of section 14 or to the Commission for purposes of inquiry under sub-section (3) of section 19 or sub-section (3) of section 20 ;

(h) "Minister" means a member of the Council of Ministers, and includes a Minister of State, Deputy Minister or Parliamentary Secretary ;

(i) "Prescribed" means prescribed by rules made under this Ordinance ;

(j) "Scrutiny", in relation to an accusation, means preliminary scrutiny under section 14 ;

(k) "State Government" means the Government of Uttar Pradesh.

### **Chapter II—Chief Investigator's Establishment**

3. Constitution of the Chief Investigator's Establishment—(Act V of 1861) : Notwithstanding anything in the Public Act, 1861, there shall be constituted, with effect from such date as the State Government may by notification in the Gazette appoint in this behalf, a special police force to be called the Uttar Pradesh Chief Investigator's Establishment for the investigation of accusation to which this Ordinance applies.

4. Superintendence and Administration of the Establishment : (1) The Superintendence and Administration of the Uttar Pradesh Chief Investigator's Establishment shall vest in the Chief Investigator, who shall, subject to any rules made under this Ordinance, exercise in respect of that establishment, all the powers

exercisable by the State Government and the Inspector-General of Police in respect of the ordinary police force of the State.

(2) Act of 1861 : Subject to the provisions of this Ordinance and of any rules or regulations made thereunder, the provisions of the Police Act, 1861, and of the rules and regulations made under the said Act shall, *mutatis mutandis*, apply in relation to members of the establishment.

5 Powers of Members of the Establishment—(1) Subject to any rules made under this Ordinance, members of the said establishment shall have, in relation to the investigation of accusations, to which this Ordinance applies all the power, privileges and liabilities, so far as applicable, which police officers of corresponding ranks in the ordinary police force of the State have under law in relation to the investigation of offences.

(2) Act V of 1898 : Where the powers referred to in sub-section (1) are exercised in aid of any scrutiny or inquiry of or into an accusation, the Judge or the Commission as the case may be, shall be deemed to be a court within the meaning of sections 94 and 95 of the Code of Criminal Procedure, 1898.

(3) Any officer of the said establishment of the prescribed rank may, subject to any rules, made under this Ordinance, exercise, in discharging his functions under sub-section (1), the powers of the officer-in-charge of the police station.

(4) Officers of the said establishment superior in rank to the rank prescribed under sub-section (3) may exercise the same powers, throughout the local area to which they are appointed, as may be exercised by an officer-in-charge of a police station within the limits of his station.

6. Powers of Chief Investigator to take up other matters for investigation : The Chief Investigator shall, if so required by the State Government either of its own motion or on the request of the Central Government or the Government of any other State, take up investigation of any other matter not otherwise governed by this Ordinance, and in relation to any such investigation all references to accusations shall, so far as may be applicable, be constructed as including references to such matter.

7. Appointment of Chief Investigator and Deputy Chief Investigator : The Governor shall, in consultation with the Chairman, Public Service Commission, Uttar Pradesh, appoint a Chief Investigator, Uttar Pradesh, and such number of Deputy Chief Investigators as may be prescribed for exercising the powers and for performing the functions assigned to them by or under this Ordinance.

8. Senior Deputy Chief Investigator to perform the

duties of Chief Investigator in certain Contingencies : If the office of the Chief Investigator becomes vacant or if the Chief Investigator is owing to absence, illness or any other cause, unable to perform the duties of his office, those duties shall, until a new Chief Investigator appointed under section 7 to fill such vacancy enters upon his office or, as the case may be, until the Chief Investigator assumes his duties, be performed by the Deputy Chief Investigator or the senior-most among the Deputy Chief Investigators available.

9 Appointment of staff : Appointments of other officers and servants of the Chief Investigator's Establishment shall be made by the Chief Investigator.

10. Term of office and conditions of service of Chief Investigator and Deputy Chief Investigators : (1) Subject to the provisions of section 11 and sub-section (2), the Chief Investigator or a Deputy Chief Investigator shall hold office until he attains the age of sixty years.

(2) The Chief Investigator or a Deputy Chief Investigator may—

(a) by writing under his hand, addressed to the Governor resign his office ;

(b) be removed from his office in the manner provided in sub-section (3).

(3) The Chief Investigator or a Deputy Chief Investigator shall only be removed from his office by order of the Governor on the ground of misconduct or incapacity after the High Court has, on enquiry held in accordance with such procedure as may be determined by Rules of the Court made in that behalf, reported that the Chief Investigator or such Deputy Chief Investigator, as the case may be, ought on any such ground to be removed.

(4) Except as provided in sub-section (1) of section 11, the Chief Investigator or a Deputy Chief Investigator shall, on ceasing to hold office as such, be ineligible for holding any office of profit under the State Government.

(5) Other conditions of service of the Chief Investigator and Deputy Chief Investigators shall be such as may be prescribed and shall not be varied to their disadvantage after their appointment.

11. Other provisions relating to Chief Investigator and other members of his establishment : (1) The Chief Investigator shall within six months of his appointment as such or within such extended times as the Governor may on public grounds allow in this behalf, resign or obtain retirement from any other office held by him at that time, and on his failure so to resign or obtain retirement he shall cease to hold the office of Chief Investigator or Deputy Chief Investigator, as the case may be, and shall revert to the rank which he would have held if he had not been appointed as such.

(2) Any other officer of the prescribed rank shall within six months of his appointment to the establish-

ment, or within such extended time as the Chief Investigator may on public grounds allow in this behalf, resign or obtain retirement from any other office held by him at that time, and on his failure so to resign, or obtain retirement, he shall cease to hold any post in the establishment and shall revert to the rank which he would have held if he had not been appointed to the establishment.

(3) Within the period of six months or the extended period referred to in sub-section (1) or sub-section (2), as the case may be, the Chief Investigator or other officer, as the case may be, the Chief Investigator, a Deputy Chief Investigator or other officer as aforesaid and the Governor shall enter into a contract in the prescribed form which shall, among other things—

(a) incorporate the provisions of this section and of section 10 ; and

(b) provide that on the abolition of the post to which he is appointed, the Chief Investigator, the Deputy Chief Investigator, or other officer, as the case may be, shall be entitled to compensation equivalent to his salary and other emoluments for the remaining period of his service.

### Chapter III—Preliminary Scrutiny And Investigation Of Accounts

12. Petition for initiating proceedings: (1) Any person may present a petition to the Governor making a request for inquiry into an accusation, enclosing with the petition his affidavit in support thereof, varified before a notary public, and a treasury receipt showing deposit of a sum of one thousand rupees to be available for disposal under this Ordinance.

(2) Act V of 1908 : Every petition under this section as well as any Schedule or Annexure thereto shall be varified in the manner laid down in the Code of Civil Procedure, 1908, for the verification of pleadings.

(3) A petition which does not comply with any of the foregoing provisions or is against a person who has not held any of the offices referred to in clause (a) of section 2 during the period of five years immediately preceding the date of its presentation shall not be entertained.

13. Reference for preliminary scrutiny: (1) The Governor shall as soon as he entertains a petition under section 12, refer the accusation made therein for preliminary scrutiny to a judge nominated as herein after provided.

(2) The Governor may also of his own motion refer any accusation for preliminary scrutiny as aforesaid.

(3) On a request in this behalf being made by the Governor, the Chief Justice shall for the purpose of making the scrutiny nominate a Judge as follows :

(a) Where the accusation is against a person who on

the date of the request holds the office of a Minister, Nagar Pramukh or Up Nagar Pramukh, or is against the conduct of a person having relation to his position as Minister, Nagar Pramukh or Up Nagar Pramukh, the Chief Justice shall nominate a Judge from among serving Judges of the High Court of Judicature at Allahabad or retired Judges of the Supreme Court of India.

Provided that no such Judge shall be nominated except with his consent.

(b) In any other case, the Chief Justice shall nominate a Serving District Judge.

(4) A retired Judge Commencing to act on a reference under this section, or a serving Judge continuing to be seized of a reference under this section after his retirement, shall from the date of such commencement or retirement, as the case may be, be entitled till the date of his decision under section 15, to the same salary, allowance and other conditions of service (so far as may be applicable) as he was in receipt of or subject to immediately before his retirement.

(5) For so long as a Judge nominated under this section continues to be seized of a reference in respect of any person, any subsequent reference in respect of the same person shall ordinarily be made to him.

(6) Any vacancy in the office of a Judge nominated under this section shall be filled in by the same procedure as herein before provided and the successor may proceed from the stage at which the vacancy occurred.

14. Preliminary Scrutiny, Procedure and Powers: (1) The Judge nominated under section 13 shall scrutinize the accusation informally and expeditiously, and may—

(a) scrutinise not only the accusation referred to him to be connected therewith or arising out of the scrutiny ;

(b) require any Minister or officer of the State Government or any other person, who in his opinion is able to furnish information or produce any documents relevant to the scrutiny to furnish any such information or produce any such documents ;

(c) require and obtain any assistance from the Chief Investigator ;

(d) in his direction give an opportunity to the person against whom the accusation has been made to explain any matter connected with the accusation.

(2) Act V of 1908 : For the purposes of clause (b) of sub-section (1), the Judge shall have the powers of a Civil Court, while trying a suit under the Code of Civil Procedure, 1908.

(3) Act XLV of 1860 : The Judge may, in his discretion, examine any person on oath or receive evidence on affidavits, and any proceeding before him shall be deemed to be a judicial proceeding within the mean-

ing of sections 193 and 228 of the Indian Penal Code .

15. Result of scrutiny: (1) If the Judge decides that the accusation is without substance or trivial in its nature or that further investigation is not likely to prove useful, he shall report to the Governor accordingly, stating his reasons for the decision. The Governor shall cause the report to be laid before both Houses of the State Legislature.

(2) In all other cases, the Judge shall refer the accusation for investigation to the Chief Investigator, and inform the Governor accordingly.

16. Investigation : The Chief Investigator shall investigate or cause to be investigated the accusation referred to him under sub-section (2) of section 15 without unnecessary delay, and shall as soon as the investigation is completed report the result thereof confidentially to the Governor.

#### Chapter IV—Commission Of Inquiry

17. Constituting of Commission : (1) The Governor shall, as soon as he receives a report under section 16, refer it to a Commission of Inquiry consisting of one or more members, as the Governor may think fit, nominated as hereinafter provided.

(2) On a request in this behalf being made by the Governor, the Chief Justice shall nominate the member or members of the Commission as follows, and where the Commission consists of more than one member, the Chief Justice shall nominate one of them as the Chairman thereof :

(a) Where the accusation is against a person who on the date of the request holds the office of a Minister, Nagar Pramukh or Upa Nagar Pramukh, the Chief Justice shall nominate the member or members from among serving Judges of the High Court of Judicature at Allahabad or retired Judges of the Supreme Court of India :

Provided that no such member shall be nominated except with his consent.

(b) In any other case, the Chief Justice shall nominate the member or members from among serving District Judges.

(3) A retired Judge upon commencing to act as member or a serving Judge continuing to function as member after his retirement shall, from the date of such commencement or retirement, be entitled, till the date of his report under clause (a) of sub-section (3) of section 18 or the pronouncement of his findings under section 22, as the case may be, to the same salary, allowances and other conditions of service (so far as may be applicable) as he was in receipt of or subject to immediately before his retirement.

(4) For so long as a Commission constituted under sub-section (1) continues to be seized of a reference in

respect of any person, any subsequent reference in respect of the same person shall ordinarily be made to it.

Any vacancy in the office of a member of the Commission shall be filled in by the same procedure as herein before provided, and the Commission as reconstituted in consequence thereof may proceed from the stage at which the vacancy occurred.

(6) The Commission shall be provided with such staff as may be prescribed.

18. Procedure on receipt of reference under section 17: (1) The Commission on receiving a reference under section 17 shall proceed in the manner hereinafter provided.

(2) Where the Chief Investigator has reported that the accusation is wholly or partly substantiated, the Commission shall proceed to inquire into it.

(3) Where the Chief Investigator has reported that the accusation is not substantiated the Commission may—

(a) either accept the report of the Chief Investigator, and make a report accordingly to the Governor who shall cause the same to be laid before both Houses of the State Legislature ; or

(b) direct further investigation, whereupon the Chief Investigator shall proceed to make further investigation and thereafter report to the Commission ; or

(c) reject the report, and proceed to inquire into the accusation.

(4) Before taking any action under sub-section (3) ; it shall be open to the Commission, if it thinks necessary, to consult the Chief Investigator informally.

(5) On receipt of a further report from the Chief Investigator under clause (b) of sub-section (3) the Commission shall proceed in the same manner as if it had received a reference under section 17.

19. Procedure of Inquiry : (1) The Commission shall, subject to the provisions of this Ordinance and of any rules made thereunder, have power to regulate its own procedure, including the fixing of the place and time of its sitting.

(2) It shall while holding an inquiry ordinarily sit in public, but it shall be open to it, in view of the special circumstances of a case, to hold its sittings or part thereof in private.

(3) The Chief Investigator shall provide all necessary assistance to the Commission, and, if so required by it, nominate an officer of his establishment to be present at the inquiry.

(4) The Chief Investigator shall also have the right to be represented by counsel.

(5) The person accused as well as every petitions under section 12 shall have the right to be represented by counsel.

(6) The Commission may at any stage also permit—

(a) any witness ; or

(b) any other person who claims that he is likely to be prejudicially affected by the inquiry ; to be represented by counsel and to take such part in the proceedings as the Commission may in the interests of justice think fit.

**20. Powers of the Commission (Act V of 1908) :**

(1) The Commission shall, have the powers of a Civil Court, while trying a suit, under the Code of Civil Procedure, 1908, in respect of the following matters, namely—

(a) summoning and enforcing the attendance of any person and examining him on oath ;

(b) requiring the discovery and production of any document ;

(c) receiving evidence on affidavits ;

(d) requisitioning any public record or copy thereof from any Court or office ;

(e) issuing commissions for the examination of witnesses or documents ;

(f) such other matter as may be prescribed.

(2) The Commission shall also have the power to require any Minister or any officer of the State Government or any other person, who in its opinion is able to furnish information or produce any documents relevant to the inquiry, to furnish any such information or produce any such documents.

(3) **Act V of 1898 :** The Commission or any member of the Chief Investigator's Establishment or any other officer authorised in this behalf by it may enter any building or place where the Commission has reason to believe that any books of account or other documents relevant to the subject matter of the inquiry may be found, and may seize any such books of account or documents or take extracts or copies therefrom, subject to the provisions of section 102 and 103 of the Code of Criminal Procedure 1898, in so far as they may be applicable.

(4) **Act XL V of 1860 :** Any proceeding before the Commission shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228 of the Indian Penal Code.

**21. Statements made to the Commission :** No statement made by a person in the course of giving evidence before the Commission shall subject him to, or be used against him in any civil or criminal proceedings except a prosecution for giving false evidence by such statement ;

Provided that the statement—

(a) is made in reply in a question which he is required by the Commission to answer ; or

(b) is relevant to the subject matter of the inquiry.

**22. Findings of the Commission :** (1) The Commission shall, at the end of the inquiry, pronounce its findings

in public and report the same to the Governor.

(2) **Act XLV of 1852 :** Where the commission is of opinion that it is expedient in the interests of justice that the person accused or any other person concerned with the subject matter of the accusation should be prosecuted for any offence referred to in section 6 of the Criminal Law (Amendment) Act, 1952, it shall record a finding to that effect stating its reasons therefor.

(3) **Act V of 1898 :** Where the Commission is of opinion that the interests of justice that petitioner under section 12 or any other person has intentionally given false evidence in any stage of the judicial proceeding or has intentionally fabricated false evidence for the purpose of being used in any stage of the judicial proceedings or has committed any offence referred to in section 198-B of the Code of Criminal Procedure, 1898, it shall record a finding to that effect, stating its reasons therefor, and may make a complaint, where necessary, under section 195 of the said Code, signed by such officer of the Commission as the Commission may authorise in this behalf, and shall for the purposes of that section be deemed to be a Court.

(4) Where a finding referred to in sub-section (2) or sub-section (3) is recorded by the Commission, the Chief Investigator shall take all necessary steps for the prosecution of the person concerned, including where necessary, the seeking of the sanction for such prosecution.

(5) Any such prosecution shall be conducted before the trial court or any superior court by the Chief Investigator or an Officer of his establishment nominated by him in this behalf or by any counsel appointed by him, and the person so conducting the prosecution shall be deemed to be a public prosecutor.

**23 Costs :** (1) The Commission may order payment of such amount of costs as may be specified in the order to the person against whom the accusation was made or to any other person referred to in sub-section (6) of section 19—

(a) in case the reference arose out of a petition under section 12,—by the petitioner ;

(b) in case the reference was made suo moto by the Governor under sub-section (2) of section 13,—by the State Government.

(2) The Commission may order any part of such costs to be paid out of any amount deposited under section 12 and issue a certificate of recovery in respect of the remainder, if any.

(3) Any person in whose favour such certificate is issued may apply to the principal Civil Court of original jurisdiction within the local limits of whose jurisdiction any person against whom the certificate is issued has a place of residence or business, for recovery of the amount specified in the certificate, and such court shall

thereupon execute the certificate or cause the same to be executed in the manner and by the same procedure as if it were a decree for the payment of money made by itself in a suit.

**24. Bar to Certain inquiries :** No formal or open inquiry into any accusation to which this Ordinance applies shall be made at the instance of the State Government either under the Commissions of Inquiry Act, 1952, or by any other order or resolution of the State Government, except under and in accordance with the provisions of this Ordinance, but nothing herein contained shall be constructed as affecting any rights or powers of any other person or authority under the Code of Criminal Procedure, 1898, or under any other law for the time being in force, or as affecting the constitution of or the continuance of functioning or exercise of powers by any Committee or Commission of Inquiry appointed before the commencement of this Ordinance.

#### Chapter V—Miscellaneous

**25. Persons to whom Ordinance applies to be public servants—(Act XLV of 1860) :** Without prejudice to the provisions of any existing law under which any person referred to in clause (a) of section 2 of this Ordinance is a public servant within the meaning of section 21 of the Indian Penal Code, all persons referred to in the said clause shall, in respect of acts committed by them after the commencement of this Ordinance be deemed to be public servant within the meaning of section 21 of the said Code.

**26. Refund or forfeiture of deposit :** (1) The sum deposited by any petitioner under section 12 shall be disposed of in accordance with the provisions herein-after contained.

(2) Where the Judge to whom the accusation is referred for preliminary scrutiny makes a report in respect thereof under section (1) of section 15, the sum shall stand forfeited to Government.

(3) Where the Commission accepts the report of the Chief Investigator under clause (a) of sub-section (3) of section 18, it may direct the sum or any part thereof be paid as compensation to the person against whom the accusation was made, and the sum or the balance, at the case may be shall stand forfeited to Government.

(4) In any other case, the Commission shall at the end of the inquiry make such orders in respect of the sum as, having regard to the circumstances of the case and the provisions of section 23, it thinks fit.

**27. Bar for publication, etc. :** (1) No information obtained by the Judge nominated under section 13, the Chief Investigator or any member of his establishment, or by the Commission in the course of or for the purposes of any scrutiny, investigation or inquiry under this Ordinance shall be disclosed except as required or

permitted by or under this Ordinance.

(2) The said Judge or the Chief Investigator or Officers of his establishment shall not be called upon to give any evidence in any proceedings or matters coming to their knowledge in the course of any scrutiny or investigation under this Ordinance except at an inquiry before the Commission or at a trial arising out of any finding recorded by the Commission under sub-section (2) or sub-section (3) of section 22.

(3) Save as otherwise provided by this Ordinance, no person shall publish any proceedings relating to any scrutiny or investigation or to any part of an inquiry held in private, which is pending under this Ordinance, nor shall any person publish any such proceedings after the scrutiny, investigation or inquiry is completed except with the prior permission of the Governor.

**28. No motion of privilege during pendency :** Subject to the provisions of Article 212 of the Constitution, no allegation, which the subject matter of an accusation referred to the Judge nominated under section 13 or to the Chief Investigator or to the Commission in accordance with the provision hereinbefore contained shall, during the pendency of such scrutiny, investigation or inquiry, from directly or indirectly the subject matter of any motion of privilege in any House of the State Legislature.

**29. Pendency of case not to bar proceedings under this Ordinance :** The pendency of any civil or criminal case in the High Court or any court subordinate thereto bearing or any allegations forming the subject matter of an accusation shall not bar the scrutiny, investigation or inquiry of or into that accusation under this Ordinance, and no such scrutiny, investigation or inquiry shall be deemed to amount to contempt of such Court.

**30. Power of Judge and Commission to punish for Contempt :** The Judge nominated under section 13 or the Commission shall have the same power of punishing any person for contempt of himself or itself as the High Court has in respect of contempt, and shall for this purpose be deemed to be a court.

**31. Protection of action taken under this Ordinance :** (1) No suit or other proceedings shall lie against the Chief Investigator or any member of his establishment or the Judge nominated under section 13, or any member of the Commission or against the State Government in respect of anything which is in good faith done or purported to be done under this Ordinance.

(2) No reference, nomination, appointment, scrutiny, investigation or inquiry of other proceedings under this Ordinance shall be called in question in any Court.

**32. Power to make rules :** (1) The Chief Justice after consultation with the Chairman, Public Service Commission Uttar Pradesh, may, by notification in the



Gazette, make rules for carrying out the purposes of this Ordinance.

Provided that no rule having financial implication shall be made except with the previous approval of the Governor.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for—

(a) the conditions of service of the Chief Investigator and Deputy Chief Investigators and other officers and servants of the Chief Investigators establishment;

(b) the number, duties and functions of Deputy Chief Investigator and of other members of the staff of the said establishment;

(c) Act V of 1861 : Matters connected with the powers of the Chief Investigator and their exercise in relation to his establishment, including the applicability of the provisions of the Police Act, 1861, and of the rules and regulations made thereunder to members of the said establishment;

(d) matters relating to the powers, privileges and liabilities of members of the said establishment in connection with the investigation of accusation;

(e) the respective ranks of officers of the said establishment to whom the provisions of sub-section (3) of section 5 and of sub-section (2) of section 11 shall apply, and the form of the contract referred to in sub-section (3) of section 11;

(f) the provision of staff for the Judge nominated under section 13 and for the Commission;

(g) the procedure of inquiry by the Commission;

(h) the powers of the Commission under clause (f) of sub-section (1) of section 20;

(i) matters relating to deposit of the sum referred to in section 12 and its forfeiture, refund or disposal under section 26;

(j) fees payable to counsel appointed by the Chief Investigator for appearance before the Commission or before any Court;

(k) any other matter for which insufficient provision exists and provision is considered necessary for giving effect to the provisions of this Ordinance.

(3) Until rules in respect of any particular matter as aforesaid are made under sub-section (1) by the Chief Justice, the Governor may by notification in the Gazette make rules in respect of that matter, and any rules so made shall have effect subject to the provisions of any rules made under sub-section (1).

33. Power to make regulations: Subject to the provisions of this Ordinance and of any rules made thereunder, the Chief Investigator may by general or special order in this behalf make regulations in respect of the number, duties and functions of officers and

servants of his establishment other than Deputy Chief Investigators and of all disciplinary matters and other conditions of service relating to them:

Provided that no regulation having financial implications shall be made except with the previous approval of the Governor.

34. Consequential amendments in U.P. Act II of 1916, U.P. Act XXXIII of 1961, U.P. Act II of 1959 and U.P. Act XI of 1966: Section 48 of the U.P. Municipalities Act, 1916, section 29 of the Uttar Pradesh Kshettra Samitis and Zila Parishads Adhiniyam, 1961, the Uttar Pradesh Nagar Mahapalika Adhiniyam, 1959, and the Uttar Pradesh Cooperative Societies, Act, 1965, shall be subject to the amendments specified in the Schedule, being amendments consequential on the provisions of this Ordinance.

35. Repeal of U.P. Ordinance II of 1967 : (1) The Uttar Pradesh Public Men Inquiries Ordinance, 1967 is hereby replaced.

(2) Any act done or any action taken under the said Ordinance shall be deemed to be done or taken under this Ordinance.

#### Schedule

(See Section 34)

#### 1. Amendment Of The U.P. Municipalities Act, 1916 (U.P. Act II of 1916).

In section 48, after sub-section (4), insert the following new sub-section:

“(5) Notwithstanding anything contained in sub-sections (2), (2-A), (2-B) and (3), no President of the Board of City shall be suspended or removed on the ground of misconduct except as hereinafter provided, and any suspension or removal ordered under the following provisions shall have the same consequences as mentioned in sub-section (3) of sub-section (4), as the case may be:—

(a) The State Government may place under suspension a President against whom an accusation has been referred for investigation to the Chief Investigator under sub-section (2) of section 15 of the Uttar Pradesh Public Men Inquiries Ordinance, 1968, until the conclusion of proceedings under this Ordinance;

(b) The State Government shall remove a President from his office as soon as a Commission of Inquiry constituted under the said Ordinance records a finding under section 22 thereof holding him to be guilty of misconduct.

Explanation: In this sub-section, ‘misconduct’ includes any conduct mentioned in sub-clauses (ii), (iii), (iv), (vi) or (vii) of clause (b) of sub-section (2), and an imputation of any such conduct, in relation to President of the Board of a City, shall, for the purposes of the

applicability of the said Ordinance, be deemed to be an accusation within the meaning of clause (a) of section (2) thereof."

**2. Amendment Of The Uttar Pradesh Nagar Mahapalika Adhiniyam, 1959 (U.P. Act II of 1959).**

After section 19, insert the following new section :—

"19A. Removal or suspension of Nagar Pramukh or Up Nagar Pramukh—

(1) The State Government may place under suspension a Nagar Pramukh of Up Nagar Pramukh, against whom an accusation has been referred for investigation under sub-section (2) of section 15 of the Uttar Pradesh Public Men Inquiries Ordinance, 1968 until the conclusion of proceedings under that Ordinance and thereby debar him from acting as Nagar Pramukh or Up Nagar Pramukh or taking part in any act or proceeding of the Mahapalika while under such suspension.

(2) Where any Commission of Inquiry constituted under the said Ordinance records a finding under section 22 thereof, holding the Nagar Pramukh or the Up Nagar Pramukh to be guilty of misconduct in relation to his position as such, the State Government shall forthwith remove him from office, and a person so removed shall not be eligible for election as Nagar Pramukh or member for a period of five years from the date of his removal."

**3. Amendment Of The Uttar Pradesh Kshetra Samities And Zila Parishads Adhiniyam, 1961 (U.P. Act XXXIII Of 1961).**

In section 29—

(i) Sub-section (1) : Omit "or abuses the powers vested in him or is found to be guilty of misconduct in discharge of his duties".

(ii) After sub-section (i), insert the following new sub-sections :—

"(1. A) Where any Commission of inquiry constituted under the Uttar Pradesh Public Men Inquiries Ordinance, 1968, records a finding under section 2 thereof holding Adhyaksha or the Upadhyaksha to be guilty of misconduct in relation to his position as such, the State Government shall forthwith remove him from office."

(iii) For sub-section (2), substitute the following :—

"(2) The State Government may place under suspension an Adhyaksha or Upadhyaksha who is

called upon to show cause under sub-section (1) or against whom an accusation has been referred for investigation to the Chief Investigator under sub-section (2) of section 15 of the Uttar Pradesh Public Men Inquiries Ordinance, 1968, until the conclusion of the inquiry under sub-section (1) or of proceedings under the said Ordinance, as the case may be, and thereby debar him from acting as Adhyaksha or Upadhyaksha or taking part in any act or proceeding of the Zila Parishad while under such suspension."

**4. Amendment of the Uttar Pradesh Co-operative Societies Act, 1965.**

After section 38, add the following new section :—

"38 A. Removal or suspension of non-official Chairman, Vice-Chairman or Managing Director of a Central Apex Society.

Notwithstanding anything in sub-section (2) of section 34 or in section 38, or in any rules made under this Act, or in the bye-laws of any society :—

(i) The State Government may place under suspension a non-official Chairman, Vice-Chairman or Managing Director of a district-level Central Society, or of an Apex Society, against whom an accusation has been referred for investigation under sub-section (2) of section 15 of the Uttar Pradesh Public Men Inquiries Ordinance, 1968, until the conclusion of proceedings under that Ordinance, and thereby debar him from acting as such or taking part in any act or proceeding of the society while under such suspension;

(ii) Where any Commission of Inquiry constituted under the said Ordinance records a finding under section 22 thereof, holding such Chairman, Vice-Chairman or Managing Director to be guilty of misconduct in relation to his position as such, the State Government shall forthwith remove him from office, and a person so removed shall not be eligible for election, nomination or appointment as Chairman, Vice-Chairman or Managing Director of that or any other society for a period of five years from the date of his removal;

(iii) No such Chairman, Vice-Chairman or Managing Director shall be suspended or removed on the ground of any misconduct in relation to his position as such except under and in accordance with the foregoing provisions of this section.

Explanation—In this section, "Central Society" and "Apex Society" have the same meaning in chapter.

# DEARNESS ALLOWANCE COMMISSION ON THE QUESTION OF ADEQUACY OF THE DEARNESS ALLOWANCE ADMISSIBLE TO THE CENTRAL GOVERNMENT EMPLOYEES AS FROM 1ST DECEMBER, 1965, 1966—REPORT

Delhi, Manager of Publications, 1966. 24p.

Chairman : Shri P.B. Gajendragadkar.

Members : Shri M.V. Rangaehari; Shri B.N. Ganguli.

Secretary : Shri T.R.S. Murthy.

## APPOINTMENT

The Commission was constituted under the Government of India, Ministry of Finance (Department of Expenditure) vide their Resolution Nos. F. 1 (8) E II/66(I) and (II), dated July 26, 1966.

## TERMS OF REFERENCE

I. To examine whether the rates of dearness allowance now admissible to Central Government employees drawing pay below Rs. 400 per month are adequate keeping in view the broad principles formulated by the Second Pay Commission in Chapter IX of their Report and if they are not adequate in its opinion, to recommend at what rates and from what date revised dearness allowance should be granted to the said employees.

II. (1) To examine the principles which should govern the grant of dearness allowance to Central Government employees in future, having regard among other relevant factors to the repercussions on the finances of State Governments, public sector undertakings, local bodies etc

(2) To consider and recommend alternative forms of assistance which might be given to ensure real benefit to Government employees without necessarily increasing inflationary pressures on the economy.

(3) To review the existing formula for the grant of dearness allowance as recommended by the Second Pay Commission, and to recommend what changes, if any, in this formula are desirable and feasible.

(4) Specifically, to report on the following issues :—

(a) Considering that the non-plan Revenue expenditure of State Governments gets reflected in the financial assistance given by the Centre on the recommendations of the Finance Commissions and in the annual plan allocations, and having regard to the existing disparities between the pay scales of Central

and State employees, is it justifiable to follow a different policy at the Centre from the States and to treat the employees of the former more liberally in the matter of dearness allowance ?

(b) Any relief which the Central Government gives to its employees entails a burden on the rest of the community, particularly other vulnerable sections with fixed incomes. To what extent should Government give preferential treatment to that section of the community which is directly under its employ ?

(c) Is it justifiable to compensate Government employees for rise in prices due to taxation and other policy-induced causes, or to occasions such as a severe crop failure or a threat to national security necessitating higher levels of expenditure ?

(d) Should the capacity of the Government, and therefore of the community, to pay the determining factor for granting relief to Government employees ? To what extent can this be reconciled with the concept of dearness allowance as a device to protect, to a varying degree, the real income of salaried employees from the effects of rise in prices ?

(5) To examine and report on such further questions as may be referred by the Government.

## CONTENTS

Introductory; Background of the Present Reference; Terms of Reference of the Present Commission, Scope of the Present Enquiry; Broad Principles Formulated by the Second Pay Commission; Clarification of the Terms of Reference; The Government's Case; The Employees' Case; The Das Commission—Relevance of its Report; All India Working Class Consumer Price Index and Pay Ranges Evolved by the Das Commission Accepted; Difficulties in Accepting the Government's Case; Conclusions of the Das Commission—Their Significance and Materiality; Is Basic Pay of Rs. 70 Above the Subsistence Level ?; Government's Contention for Reduction of the Percentages Laid Down by the Das Commission in the Matter of Neutralisation Not Accepted; Employees' Contention for 100 per cent Neutralisation Not Accepted; Recommendations; Word of Caution; Acknowledgments; Appendices A to E.

## RECOMMENDATIONS

We have carefully considered the question as to the date from which we should recommend the payment of dearness allowance at the rates which we are recommending. The terms of reference leave it open to us to decide from what date our recommendations should take effect. Having considered all the relevant circumstances to which our attention has been drawn by both the parties in the present reference, we think it would not be just and fair to the employees, for us to recommend that the dearness allowance should be paid to them at the new rates from a date later than the 1st December 1965. We, therefore, recommend that the dearness allowance admissible to the employees should be paid to them at the rates which we recommend from the 1st December 1965. Having reached this conclusion, we wish to make it clear that in our opinion the adequacy of the rates of dearness allowance payable to the employees for the period prior to 1st December, 1965 should not be reopened.

In the result, by way of an impartial settlement of the dispute referred to us by the Government, we recommend, that the rates of neutralisation prescribed by the Das Commission be adopted. It is common ground that the average of the Working Class Consumer Price Index reached the level of 165 in November 1965. That being so, we recommend that dearness allowance be paid to the employees at the percentages specified by the Das Commission in regard to the four categories of pay ranges respectively with effect from 1st December, 1965 for the entire rise of 65 points.

It is also common ground that the average of the Working Class Consumer Price Index reached the level of 175 in July 1966. For the reason we have just given for recommending the payment of increased dearness allowance from 1st December, 1965, we also recommend that for the entire rise of 75 points, dearness allowance be paid at the percentages specified by the Das Commission to the four categories of pay ranges respectively with effect from 1st August, 1966.

We would like to add that in making calculations, the actual dearness allowance for each pay range should be adjusted to the nearest rupee.

### Word Of Caution

Before we part with this Report, we wish to make it clear that in making the present recommendations we have deliberately not expressed any opinion on the merits of the respective contentions raised by the parties in the present dispute. As we have already indicated, the Government rely on several general considerations and urge that before the problem of dearness allowance is rationally resolved, the impact and significance of these considerations must be carefully weighed. On the other hand, the employees contend that some of the considerations on which the Government rely are not relevant and they urge that the significance and impact of such of the considerations as may be relevant is by no means great. These are matters which fail to be considered in the other reference. It would thus be plain that the recommendations made by us in the present report and the reasons on which they are founded would have no relevance or materiality in the other enquiry.

## ADMINISTRATIVE REFORMS COMMISSION, WORKING GROUP ON PERFORMANCE BUDGETING, 1966—REPORT

New Delhi, Administrative Reforms Commission 1967. pp. 147 to 288  
(Bound with Study Team on Financial Administration).

Convener : Shri N.S. Pandey.

Members : Shri J.C. Luther; Shri A.G. Krishnan;  
Shri E.R.K. Menon; Shri S.S. Viswanathan;  
Shri A. Premchand; Dr. M.J.K. Thavaraj.

### APPOINTMENT

The Study Team on Budgetary Reforms, System of

Expenditure, Control and Procedures governing financial relations between the Centre and the States set up by the Administrative Reforms Commission has been engaged inter alia, on a consideration of the various methods through which budgetary reforms could be brought about in India to meet the present day needs. One of the suggestions considered in this connection is the desirability of introducing performance budget-

ing. Though there has been considerable discussion on the subject in and outside the country. The Study Team felt that the principles involved in the technique of performance budgeting and its applicability to Indian conditions should be examined in detail by a small Working Group to be set up for this purpose. According, at its meeting held on August 3, 1966.

## TERMS OF REFERENCE

(1) To analyse and enunciate the principles underlying performance budgeting.

(2) To examine the applicability of these principles to government budgeting in India, and in this connection, to make an attempt to recast and reclassify, on the lines of a performance budget, the appropriations of a few selected organisations out of the Ministries of the Central Government and Public Enterprises ; and

(3) To report on what practical steps and measures would need to be taken if performance budgeting were to be introduced in India and to make suggestions for meeting the difficulties, if any.

## CONTENTS

Performance Budgeting—the Concept ; Desirability of Performance Budgeting in India ; Introduction of Performance Budgeting in India-various Considerations; Form and Content of Performance Budgeting; Administrative and Accounting Implications; Audit and Legislative Review; Conclusions and Recommendations; Appendices from I to III.

## RECOMMENDATION

Our budgetary system has not adequately responded to the demands made on it by the greatly increasing dimensions and complexities of the governmental operations as a result of development planning. Having regard to the objective of a budget and the need for reforms in the budgetary system, so as to make it an effective instrument for the implementation of development plans, the technique, presentation and execution which has definite potential advantages. We, therefore, commend its adoption. However, in view of the circumstances obtaining in our country there will be certain problems of adaptation. Among these, mention may be made of the problems of according changes, the strengthening of administrative machinery, the improvements of methods and practices of financial management and the training and equipping of the various officials, concerned. Having regard to these and the changes involved, the introduction of performance budgeting should be adapted to our conditions and requirements.

The Working Group does not envisage performance budgeting to be only an additional or supplementary

document to the existing budget. As explained in para 28, the benefits of the new concept would not be realised if it does not go to the roots and remedy some of the deficiencies in the existing procedures and practices. This will happen only if the new technique and system forms an integral part of the budgetary structure. This, however, will not mean that the existing budgetary documents would be replaced by an entirely new set of documents. On the contrary, the existing documents would, in the main, continue, with such modifications as are indicated in Appendix III B. Under the approach as envisaged by us, the budget document will have two main constituents, one the Performance Budget Proper and the other the Demands for Grants. The latter document as obtaining now will undergo some changes. There would be, for example, modifications corresponding to the changes in the major and minor heads of account as also in the primary units of appropriation. These modifications would help in a better presentation of the performance aspects of government spending.

The following are some of the important practical steps to be taken in connection with the introduction of this techniques :

(a) The overall responsibility in the matter of introduction of the new technique should vest in the Finance Ministry and they should be assigned the duty of Planning and carrying out the process of conversion to the new system. The Unit working at present under the Committee on Plan Projects. (Planning Commission) could provide the nucleus for building up a well-equipped organisation for this purpose.

(b) The important points to be considered are the choice of the departments or organisations where performance budgeting should be introduced first, their timing, the manner in which it should be phased and the extent of refinements and adaptations to be made. For reasons already explained and having regard to the limitations of the institutional framework obtaining in our country, the introduction of performance budgeting should, in our opinion, be an evolutionary process to be developed, refined and extended over a number of years. In such a process of phased application, priority should be given to departments or organisations directly involved in development programmes and activities. Or, alternatively, preference may be given to departments and organisations that spend the largest portion of the budget. Yet a third course open is to make conversion initially in certain organisations of each departments and then gradually to extend the system to the whole department. We feel that the best course would be to take up first those departments and organisations involved in development programmes, which account

for a sizeable part of development expenditure in the Plan and the Budget. The introduction of the new technique may be initially confined to two or three departments. To begin with, we recommend that performance budgeting may be introduced in one department at the Centre which deals exclusively with a Central subject, e.g. Post and Telegraphs Departments, and in another department which is operating both at the Centre and in the States. In the latter case, it should be introduced both at the Centre and in the States. In the Context of the overwhelming importance of agricultural programmes in the country, we would suggest that the Departments of Agriculture at the Centre and in the States might, for example, be considered in this connection. The experience which will be gained in the working of the new technique will be valuable in considering its extension to other organisations and departments. It will be useful to undertake a review of the progress made two to three years after the introduction of the experiment to facilitate such consideration.

(e) Once the decision to introduce performance budgeting in selected departments or organisations is taken, steps should be taken to identify and analyse the objectives and functions of these departments or organisations on the lines required under performance budgeting and to develop descriptive accounts of the programmes and activities to meet presentation needs. This may preferably be done by a team of officers drawn, as far as possible, from the Ministry of Finance, the Administrative Ministries/Departments concerned

and the Management and Administration Division of the Planning Commission. In so far as the accounting changes are concerned, these will need to be considered in close consultation with the Comptroller and Auditor General.

(d) In respect of those departments, where conversion should initially take place, their administrative and financial management system covering the planning, programming, budgeting, reporting and evaluation should be strengthened with a view to adapting these to the requirements of performance budgeting.

(e) As a part of the training and education programme, the Ministry of Finance may arrange to prepare a Comprehensive manual on performance budgeting covering the various issues and containing instructions of a practical nature for the guidance of those who will be connected with the budgetary process as also the various other officers and staff at the Centre and in the States.

(f) The installation of a performance budget requires a minimum basis for review of the financial requirements under programmes and activities in terms of appropriate workload data and other indices. Therefore, in respect of the selected departments, studies should be conducted with a view to determining how far their activities are capable of being quantified. For this purpose, the most appropriate methods of developing workload indicators, work measurement units, unit costs and other performance norms should be evolved by the joint efforts of the representatives of the departments concerned and the Ministry of Finance, etc.

## THE COMMITTEE ON LABOUR WELFARE, 1966—REPORT

Delhi, Manager of Publications, 1970. 501p,

Chairman : Shri R.K. Malviya.  
Members : Shri T.V. Anandan ; Shri P. Bassi Reddy ;  
Shri C. Balasubramaniam ; Shri Natlune  
Ram ; Shri B.B. Nag ; Shri S.K. Sinha  
(replaced by Shri S.N. Pande) ; Shri K K.  
Dhar (replaced by Shri Ajit Singh) (re-  
placed by Shri G. Ramaswamy ; Shri  
Kunwar Bahadur (replaced by Shri Pan-  
eham Lal, replaced by Shri G.R. Venkata-  
raman) ; Shri A S. Nag ; Dr. M S. Sabnis ;  
Shri M M. Rajendran (replaced by Shri  
T S. Sankaran) ; Shri Ram Agrawal (rep-

laced by Shri G.S. Gupta ; Shri R. Lall  
(replaced by Shri R.K. Seth and again  
replaced by Brig. K. Bag Singh) ; Shri V.I.  
Chaeko ; Shri V.V. Dravid (replaced by  
Shri Arun Bhattacharya and again rep-  
laced by Shri Prabin Goswami ; Shri  
Phani Ghosh ; Shri K.G. Shrivastava.

Co-opted  
Members : Lt. Col. B.L. Raina.  
Member-  
Secretary : Shri Teja Singh Sahni (replaced by Shri  
G.S. Madan).

## APPOINTMENT

In order to examine the functioning of the various welfare schemes operation in industrial establishments and to suggest improvements, the Government of India have decided to constitute a committee to go into all aspects of the matter and to make recommendations to Government. So the Committee on Labour Welfare was constituted by the Government of India vide their Resolution No. LWI (1) 30 (3)/65 of August 5, 1966 issued by the Ministry of Labour, Employment and Rehabilitation (Department of Labour and Employment).

## TERMS OF REFERENCE

(a) To review the functioning of various statutory and non-statutory welfare schemes in industrial establishments, both in the private sector and public sector, including mines and plantations;

(b) To make such recommendations as may be deemed necessary to improve the functioning of the existing welfare schemes or for introducing new schemes;

(c) To examine and suggest industries where Welfare Funds like Coal Mines Welfare Fund and Mica Mines Welfare Fund can be created;

(d) To suggest measures for introducing welfare schemes for rural labour in general with particular reference to agricultural labour; and

(e) To consider any other related matters that the Committee may deem fit.

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## RECOMMENDATIONS

### Concept And Scope Of Labour Welfare

1. The term Labour Welfare in the context of social and economic conditions obtainable in our country should include such services, facilities and amenities as adequate canteens, rest and recreation facilities, sanitary and medical facilities, arrangements for travel to and from work and for the accommodation of workers employed at a distance from their homes, and such other services, amenities and facilities including social security measures as contribute to improve the conditions under which workers are employed.

2. **Minimum Welfare Amenities :** Labour Welfare introduces the extra dimension to industrial relations which even a satisfactory wage alone cannot provide. It expresses the human interest an enlightened employer has in the well-being and contentment of the people who work for him

3. The minimum of welfare amenities within the workplace has been laid down already by the existing legislations namely, the Factories Act, 1948, the Plantations Labour Act, 1951 and the Mines Act, 1952.

4. To lay down a basic minimum of welfare amenities would be an ideal for all the industries. If, however, the economic position or nature of organisa-



tion of a unit is such that it cannot provide these facilities exemptions can be granted to that unit for a specified period of time after the inspection authorities have verified and are satisfied with the prevailing economic condition of the industry.

#### Manufacturing Industries

5. **Health and Medical Facilities:** The statutory facilities should be provided in accordance with the standards laid down under the Factories Act, 1948 and also be enforced strictly. In case of non compliance with the provision of such facilities deterrent punishment imposed on defaulters.

6. Maintenance of a first-aid box for every factory employing 15 workers in a minimum 'must' which cannot be allowed to be ignored by any occupier of a factory establishment. This provision should be enforced strictly and sufficient number of personnel be trained in first aid in all the establishments in consultation and co-operation with the respective authorities and the trade unions.

7. State Governments should be empowered to prescribe the maintenance of an ambulance room even for establishments employing less than 500 workers where the nature of work is hazardous, in the entire working period especially in the case of capital intensive industries.

8. The functioning of the Employees' State Insurance Scheme be streamlined and improved upon and the basic recommendations of the Employees State Insurance Review Committee be implemented expeditiously.

9. The position regarding the conditions of work of the medical staff would considerably improve if the Employees' State Insurance Corporation set up its own regular cadre of medical personnel. Once a special cadre comes into being the officers of that cadre can get necessary orientation and training.

10. The Employees' State Insurance Scheme should provide full medical care to insured workers. The medical care should be further strengthened by health care expeditiously as recommended by the Employees' State Insurance Review Committee.

11. In order to make Employees' State Insurance Scheme function more effectively, it is necessary that local and regional committees start functioning urgently wherever they are not already functioning.

12. As a matter of encouragement, if not otherwise, such employers as give better medical amenities and whose workers are satisfied with those amenities should be given appropriate rebate in their contribution to Employees' State Insurance Corporation.

13. In the case of smaller units, medical facilities should be provided on joint basis by a group of employ-

ers in scattered areas. The institutions like industrial co-operatives, industrial estates can play an important role in providing medical facilities to the workers by a joint drive.

14. Other systems of medicine, namely, ayurvedic, siddha, unani and homeopathy should be popularised by setting up dispensaries run on these systems in areas of concentration of industrial workers. This should be of specific interest to small scale factory establishments clustered over a contiguous area.

15. Urgent and effective steps should be taken by the Central and State Governments for proper identification of occupational disease in each industry and workers should be examined periodically.

16. The Central Government, with the assistance and co-operation of State Governments, public sector undertakings, central employees' and workers' organisations and autonomous corporations like the Employees' State Insurance Corporation, and the Life Insurance Corporation, should take initiative for formulating a scheme for convalescent homes and sanatoria, etc., for workers.

17. Canteens: Exemptions from statutory compliance of canteen facility should not be conferred or granted as a matter of routine and should be given for a specified period only say, for a year wherever absolutely necessary.

18. State Government may amend their rules so as to ensure that the facility of canteen is provided in the factories which are required by law to provide it with the least possible delay. The need for the issue of formal notification by the State Government may be dispensed with.

19. The managements/employers should provide canteen facility even in establishments employing less than the prescribed limit of workers, if a request is made by the workers and they agree to run the canteen on cooperative basis.

20. Mobile canteen facility should be made available, to the workers engaged in different jobs, in the distant and interior areas, by the employers/managements.

21. State Governments should have adequate arrangements for reviewing the functioning of the canteens by the State machinery at regular intervals, say, at least four times during a year, to ensure effective implementation of the provisions. Both managements and the workers' organisations should take active and effective interest in the running of the canteens. Tripartite bodies should be constituted to ensure that the canteens are run properly and are popular with the workers.

22. The canteens should preferably be run by workers on cooperative lines and employees should give

encouragement to the workers for this purpose. To avoid delays in the registration, etc., of the cooperative canteens, the State Governments should not only complete the connected formalities as early as possible but also encourage the formation of such like cooperatives.

23. It is necessary that the spirit behind the provision of canteens be borne in mind by the employers. They should take due interest in providing eatables of requisite standards and nutritive value to the workers employed in their establishments and should not take the provision of canteens as a routine statutory obligation, to be fulfilled somehow. The Central Government, on their part, should amend the concerned legislations empowering each State Government to make rules to meet the object of nutrition. The Rules may provide that a high level expert committee be set up in each State to lay down standards of nutrition for different categories of workers and also to ensure that these standards are maintained in the canteens.

24. To provide credit facilities to workers in canteens, Payment of Wages Act, 1936 should be suitably amended so as to include deductions for credit to workers in respect of purchases made from canteens, permissible under the Act.

25. The competent authority should be authorised to permit joint canteen service by small employers situated in the same area/industrial estates and, if necessary, amendments to the existing provisions of the Act should be made for setting up of joint canteens.

26. Creches. It is most essential that the creches when first opened in the new industrial establishments should be well furnished and properly supervised by the trained personnel. It is also equally important that the standards prescribed in law in respect of creches should be children attending creches decreases, these standards should not be allowed to go down.

27. The provision of funs in creches is essential and these should be provided invariably wherever they are not being provided now.

28. A periodical review of the existing limits for provision of a creche is desirable and the State Governments may be empowered to suitably alter the limits for setting up of creches in industrial establishments, wherever the situation warrants such alterations, in the interest of the women workers employed in a particular unit.

29. The facility of a creche should not be withdrawn by the employers even if the number of women employed in a particular industrial establishment fluctuates between 40—50 workers. The Factories Act should be so amended as to provide for a creche in an industrial establishment where either 40 women workers or 20 eligible children of working mothers are to avail of the creche facility irrespective of the number of working

mothers.

30. The smaller industrial establishments, situated in a contiguous compact area and employing 10 or more women workers, each should arrange for common creche facilities on joint basis. The expenses incurred on the provision and maintenance of the basis of the number of women employed in each participating unit. The administrative arrangements for the provision of creches may be entrusted to a statutory body having representatives from employers, workers, and State Government officials, the representative of employers are to be selected on the basis of the number of women workers employed by each participating unit.

31. The provision of nurseries/kindergarten classes in creches is essential for the proper upbringing and growth of children and they should form an integral part of the creche facilities. These elementary schooling facilities should be available to all the children belonging to the age group of 3 years and above attending the creches. Regarding the responsibility for financing this additional measure it has not been possible for the Committee to sure it has not been possible for the Committee to arrive at any unanimous decision. It is left to the State Governments and local bodies and employers to decide.

32. With a view to meeting the appropriate needs of the children of the employed women workers the municipalities, local bodies and State Governments should set up community creches near the residential areas of central places in big cities and towns so that the working mothers are able to utilise this amenity to the maximum possible extent. Creches should also be provided in the labour colonies specially for the benefit of such workers whose place of duty is far away from their residence.

33. Wherever women are employed in factories through contractors suitable creche facilities should also be made available to the children of the employed mothers and the contractors should be made responsible to bear the cost for the provision of these facilities through the principal employers.

34. Housing : The scope of the Subsidised Industrial Housing Scheme should be enlarged to cover the Government establishments which work as factories and whose workers are not covered by the definition of workmen under the Factories Act, 1948. Similarly the benefits of the above Scheme should also be extended to certain categories of workers (drivers, helpers, fire-fighting staff etc.) who are not at present covered under this Scheme but are governed by the Industrial Disputes Act and the Factories Act and whose duties are incidental to or connected with the manufacturing process or are subject to a manufacturing process. The factory workers of Government industrial undertakings which

are run departmentally but do not have their own industrial housing scheme and are not liable to income-tax should also be benefited by the Scheme by allotting at least 2 to 5 per cent of the total industrial houses for such workers.

35. All persons defined as workers and drawing salary up to Rs. 500 per mensem as prescribed under the Industrial Disputes Act, 1947 should be made eligible to receive the benefits of Subsidised Industrial Housing Scheme. The State Housing Boards should, however, pay due regard to the needs of the lower income group workers for whose benefit the scheme is primarily meant.

36. The Industrial workers even after crossing the wage limit prescribed under the Industrial Disputes Act, (i.e. Rs. 500) should be allowed to retain their tenements for a maximum period of 6 months on payment of economic rent to enable them to find out alternative accommodation.

37. The existing ceiling cost prescribed for construction of various types of houses under the Subsidised Industrial Housing Scheme should be revised wherever necessary keeping in view the rise in prices of land, building materials, etc.

38. A certain percentage of workers should also statutorily be provided with houses by industrial establishments other than plantations and mining industries. An all India enabling legislation should, therefore, be brought into being to give legal shape to this recommendation keeping, however, in view the nature and location of the industry.

39. Employers may be given exemption or rebate from taxes for the amount spent on construction of houses for industrial workers.

40. The States where the cooperative housing societies have not made sufficient headway should initiate necessary steps urgently to encourage the development of such cooperative housing societies amongst industrial workers and should provide suitable facilities to enable such societies to construct houses for their members.

41. The minimum standards and specifications laid down in the Subsidised Industrial Housing Scheme in respect of the scale of accommodation for industrial workers should be strictly adhered to.

42. Elementary civic facilities should be provided wherever industrial houses are provided and repairs should also be undertaken by the appropriate authorities concerned periodically.

43. Legislation should be enacted to enable the employer to secure eviction of unauthorised Sub-Letters.

44. State Governments should exercise self-control in diverting the funds once allocated for houses to

other heads and utilise the amount for construction of houses. Centre should also come forward with more financial assistance in cases where more funds for the construction of houses are sought for.

45. State Governments should acquire land near and around industrial areas which after development should be made available at reasonable rates to housing boards, workers housing cooperatives and industrial employers to build up housing colonies for industrial workers.

46. Without setting up State Housing Boards it would not be possible to raise funds speedily to execute housing schemes and also look after the maintenance of the houses.

47. Each State should have an autonomous Housing Board for construction and maintenance of houses. This Board should earmark a minimum of 20 per cent of its finances for construction of houses exclusively for industrial workers.

48. The employers should also come forward to advance loans to Statutory Housing Boards at reasonable rate of interest in order to augment the resources of these autonomous Boards for providing more housing facilities to the industrial workers.

49. The Central Housing Board should be constituted without any further delay. The initial capital of a substantial amount to meet the needs of such a Board for the first few years should be provided by the Central Government out of its Plan funds.

50. Life Insurance Corporation of India and the Central Provident Fund should also make substantial advances to Housing Boards for being spent exclusively for Subsidised Industrial Housing Scheme for Industrial workers. If this involves some amendments in the Life Insurance Corporation and the Provident Fund Acts, these should be brought about urgently keeping in view the necessity for such advances.

51. Additional releases from small savings over the present 2/3rd released to the State Governments should be permitted to be utilised for augmenting the resources for the housing of industrial workers.

52. In Mysore two Banks have set apart Rs. 50 lakhs each and the State Government have given a matching loan to evolve a housing fund. The other States should also examine the possibility of constituting such funds to provide suitable loan facilities to the parties who undertake construction of houses for industrial workers.

53. For proper implementation of housing schemes for workers there is definitely a need for effective co-ordination to control all land development, town planning and house building activities at the State Level.

54. Considering the dimensions of the industrial housing problem and availability of resources it seems

essential that sufficient attention is paid to the aspect of research in building techniques so the workers are provided with maximum comforts in least accommodation at the lowest cost.

55. State Governments/Union Territories should encourage the Housing Boards or the cooperative house building societies to sell houses on 'no-profit-no-loss' basis or on hire-purchase system so that the investment in housing is not blocked for longer period, and the money thus realised could be further utilised for construction of more houses for the benefit of industrial workers.

56. Necessary steps should be taken for the collection, compilation and publication of housing statistics on all India basis.

57. Realising the difficulties of their workers, the employers would pay adequate attention to the provision of house rent allowance to such workers as are not allotted houses.

58. **Recreational Facilities :** The need for providing recreational facilities on a regular and sustained basis to industrial workers including workers in plantations and mines as also to their families, cannot be denied. Some of the large scale establishments both in private and public sectors, are already spending considerable amount on providing recreational facilities to workers and their families. There is a need for every employer, including medium and small to pay adequate attention towards provision of some basic minimum recreational facilities for their workers.

59. The capacity of the industry to pay for recreational amenities, especially in the case of small scale industries, has got to be taken into consideration. It is possible that even though the will to provide these amenities may be there, lack of capacity to pay may stand in the way. In such a situation, it is necessary for the State to intervene and lend a helping hand. This can either be done by suitable direct grants to the employers or by arranging recreational facilities for a group of small scale units. The cost of these amenities can be shared by the State and by the employers.

60. It is necessary that the recreational centres are set up outside the place of work in working class localities and/or in industrial housing colonies. They should be well-equipped to attract sufficient number of workers.

61. Instead of the recreational activities being undertaken by the Government departmentally, statutory bodies may be brought into being in all the States, which, besides non-statutory welfare amenities, should provide recreational amenities outside the factory premises through labour welfare centres. The Board should be assured of adequate funds to discharge their duties effectively, as otherwise the very purpose of

expecting better result from the welfare centres run by these Boards would be defeated.

62. Active initiative should also come from the Trade Union to provide necessary healthy diversion and also to re-orientate the working of the trade unions. Considerable success can be achieved in popularising social and cultural activities amongst the workers if trade unions actively associate themselves with the managements in this.

63. The need for laying down a blue print for recreation, which can provide a healthy diversion to people engaged in difficult industrial vocations for a national basis cannot be over-emphasized. The Central Board of Workers' Education, the All India Council of Sports, Statutory Labour Welfare Boards and Allied Institutions should jointly form a Council under the aegis of the Ministries of Labour and Health and Family Planning at the Centre to lay down a minimum standard recreational sports activities which could faithfully provide base for keeping the workers fit, active and healthy.

64. Educational Tours should be properly organised on regular basis for workers of all industries. The Central and State Governments, employers and workers' organisations should all cooperate in promoting and organising these tours. The funds for these tours should be shared by the State, the employers and workers as well. Employers have been coming forward in the past and it is hoped that they will continue to do so more actively in future in promoting this idea and keeping the workers' share in this venture to the barest minimum possible.

65. **Transport Facilities :** The need for provision of adequate transport facilities to workers to enable them to reach their work place without loss of much time and without fatigue has been accepted. It is essential that whatever be the agency for provision of this facility the workers should not be unduly put to avoidable strains on account of inadequate provision of transport facilities.

66. In all places of industrial concentration the State Governments and local authorities should streamline, increase and improve the functioning of the local transport services so as to give maximum possible assistance to industrial workers to reach their places of work in time.

67. State Governments should provide special transport services to workers living in labour colonies built under the industrial housing scheme. The State Government/Local Authorities should also supplement these efforts by increasing the frequency of buses as well as more buses should be pressed into service to meet the needs of workers at the opening and closing time of the factories.

68. In such industrial undertakings where transport services are not provided and these industrial undertakings are located at more than 5 miles away from the place of residence of workers, some transport facilities should be provided by the employers in cooperation with the existing public transport services. Where no such transport services exist some conveyance allowance, as may be mutually agreed to between the employers, and employees, be paid by the employers.

69. In order to encourage workers to have their own conveyance, it is desirable that the employers should advance loans liberally to the workers for the purchase of bicycles etc.

70. The smaller industrial establishments located in contiguous areas should undertake to provide transport services on joint basis. The cost of providing these services can be shared by the participating establishments on the basis of number of workers employed. The administration of such facilities can be entrusted either to an autonomous body or a tripartite committee representing workers, employers and State Officials. Such transport services can be started from some common points where the workers can assemble from different directions. This arrangement will especially suit the industrial estates which are set up at far away places from the urban settings.

71. In industries where work is carried on round the clock or working shifts is a common practice, the transport facilities are not available at odd hours at night. It is, therefore, desirable that either the public transport should be made available to the workers or the industrial undertakings should make arrangements for the transportation of such workers who work in night shifts in consultation with workers' unions.

72. In big cities specially the metropolitan cities like Bombay, Calcutta, Delhi and Madras, where industrial establishments have been established in large numbers, it is necessary that working hours in different units are staggered wherever it is feasible. Although the employers have generally stated that staggering is not possible, it may be necessary to stagger starting and closing hours in these cities in order to enable the local and State transport authorities to cope with the transport problem of workers. The staggering of hours may be done in such a manner as to enable the State Government and local authorities to coincide their transport service with the working hours of the transport services with the working hours of the shifts.

73. Allocation of larger outlays and improved administrations are essential to achieve improvement in public transport facilities. Along with the improvement in the public transport system the employers should not only provide transport facilities to workers living at long distances but should also assist workers

in arrangement which the employers can make with public transport authorities or private transport undertakings with regard to the routes, timings of services, fares etc.

74. **Problems of Enforcement and Factory Inspectorate Services:** The norms viz., one inspector for every 150 factories recommended by Labour Ministers' Conference in 1960 is quite reasonable and should be implemented by each State without any further delay. The State Governments should make adequate and speedy arrangements to ensure that at least two inspections of a factory are carried out every year. This standard will of course, not apply in the case of large-scale factories where more than this minimum may be needed to ensure proper and effective implementation of labour laws.

75. The registration fees is collected for performing regulatory functions pertaining to safety and welfare measures. It is essential that the Factories Act be suitably amended by the Central Government so as to make it binding on the State Governments to utilise the money collected by way of fees solely for the purposes of the enforcement of the provisions of the Factories Act.

76. Wherever suitable arrangements to collect the statistics do not exist at present, early steps should be taken to establish a suitable machinery as an integral part of factory inspectorates.

77. The existing factory inspectorates should be bifurcated into technical and non-technical wings. Wherever necessary the strength of non-technical inspectors (Labour welfare inspectors) may be suitably strengthened.

78. It will be useful if suitable reorientation courses are started for giving refresher training to factory inspectors of the State Governments. To supplement this, frequent seminars may also be organised with the cooperation of employers and workers' organisations.

79. It would be helpful to appoint a safety officer in all factories employing 500 or more workers. To ensure effective control, the appointment of safety officers may be regulated by the State Governments. It is felt that a provision to this effect may be incorporated in the welfare section of the Factories Act, 1948.

80. In order that penal provisions of the Factories Act are really deterrent and effective enough to ensure proper compliance of statutory obligations there should be a minimum fine of Rs. 500 which may go upto Rs. 3,000 for repeated infraction or violation of statutory provisions. Provision for quick disposal of cases should be laid down in the rules. With a view to ensuring that statutory welfare amenities are provided

from the inception of the factory, it seems desirable to introduce a provision in the statutes that no factory shall start functioning or be permitted to be constructed if such necessary provisions are not made in the construction plan for the proposed factory.

81. The inspectorate staff may either be provided with Government vehicles or suitable conveyance allowance/advance may be given to the inspectors to enable them to own, maintain and run their own vehicles

82. Exchange of views among the officers of the labour departments of the various States, both at the regional level as well as at All-India level should be organised periodically. The Chief Inspectors of all States should meet at least once in a year to discuss various problems facing the enforcement machinery and to find out solution for resolving problems relating to labour administration.

83. Compact tripartite committees comprising equal number of representatives of employers, workers and senior officers of inspectorates may be constituted at the plant or industrial level to discuss difficulties involved in the implementation of statutory welfare provisions and to secure improvement in their implementation.

84. Inspectorate in each State should appoint medical and chemical inspectors where they have not been appointed so far, and there should be research centre attached to the State inspectorate under the charge of a person specialised in industrial medicine to conduct industrial hygiene and health surveys to find out occupational diseases and to recommend measures to remedy them. Sufficient equipment should also be provided to such research centre.

85. The question of constituting an All-India Inspectorate Services needs further examination by a specialised body before any step is taken in this direction.

86. The recommendations made by 16th Labour Ministers' Conference held in 1960, for improved pay scales for inspectors and creation of higher posts and bifurcation of technical and non-technical cadre of inspectorates with a view to re-organising the inspectorate on proper lines, should be implemented by each State in full. They will help in improving the status and conditions of the factory inspection services in making them more effective.

#### **Welfare Amenities In Selected Industries Iron And Steel Industry**

87. Welfare amenities available to the workers employed in Iron and Steel industry are of a fairly high order. The effective utilisation of these amenities by workers and proper administration and maintenance of the services provided by the managements; will go a

long way in providing much needed comfort and diversion to the concerned workers.

88. **Sugar Industry :** In Sugar Industry about 65 per cent of the canteens are being run by the contractors. While certain facilities have been provided on satisfactory scale by some managements, there seem to be considerable scope for considerable improvement in the rest of the Industry.

89. If it is not possible for the government to cover sugar industry workers under the Employees' State Insurance Scheme as sugar factories are seasonal and these are not situated in contiguous area, it is proposed that the welfare fund be constituted for providing adequate medical facilities to the workers. The Statutory funds may be administered by the proposed welfare board, till the Employee's State Insurance Scheme takes over.

90. State Governments may give adequate subsidy to the employers who provide sufficient educational facilities for the benefit of the workers' children.

91. Although recreational facilities have been provided by some of the sugar factories, but there are not adequate. There is need for providing recreational facilities to the employees of the sugar factories on a regular and sustained basis.

92. In the State of Tamil Nadu the factories are required to help in the formation of Consumers' Co-operative Societies and provide several kinds of assistance. This is a welcome measure. The other State Governments may also proceed on these lines.

93. The U.P. Sugar and Power Alcohol Industry, Labour Welfare and Development Fund consists of three separate accounts i.e. (a) housing account, (b) general welfare account, (c) development account 98 per cent of the Fund is credited to the housing account and 1 per cent each to two other accounts. The existing allocations between the three different accounts should be rationalised so that the funds may be available for other amenities also.

94. There could be no two opinions about the utility of holiday homes for industrial workers. It is hoped that efforts of the Government of Uttar Pradesh intensified. The other States and Industries should emulate this practice.

95. **Cotton Textile Industry :** The quantum and the standard of welfare amenities vary from centre to centre and from unit to unit within the same centre in the cotton textile industry. Some cotton mills have voluntarily provided welfare amenities on an extensive scale beyond what the law requires. Such voluntary efforts should be encouraged and the industry should continue its efforts to provide welfare amenities all to the workers.

96. **Cement Industry :** The canteen facility available to workers in the cement factories is satisfactory. It

is, however, considered desirable that as far as possible, the canteen facilities should be extended to workers in all the shifts.

97. The contract labour is the characteristic feature of cement industry. The contractors must maintain creche for their women workers. In case the contractors fail to provide this facility, it should be the responsibility of the principal employer to provide it.

98. The managements in cement industry should encourage early establishment of fair price shops/co-operative shares wherever, not established so far by providing facilities like building, furniture, electricity, etc.

99. The Cement industry generally maintains high standards in regard to provision of welfare amenities like drinking water, conservancy, first aid, etc. However, some of the units are not providing these facilities to the requisite standard. Such units should also improve standard and fall in line with others.

100. Owing to dusty processes in the cement factories the diseases of lungs and skin are common. It is necessary that adequate attention should be paid for the detection of the incidence of occupational diseases amongst workers. Adequate arrangements for protection of workers against occupational health hazards are considered to be essential.

101. It is essential that workers possess not only working knowledge of three R's but also some aspects of industrial relations. It is appropriate that due encouragement should be given to adult education by all the cement factories. Wherever unit level classes under the Worker's Education Scheme have not yet started, arrangements should be made to have these classes at an early date.

102. The Co-operative House building societies are important institutions in the field of workers' housing programme. Development of such societies would go a long way in supplementing the effort of the managements in providing housing accommodation of their workers.

103. The cement industry employs a sizeable number of contract labour. Although some of the managements have provided welfare amenities to such workers, but in many cases such facilities are not being provided. It is earnestly hoped that managements in cement industry will also gradually bring contract labour within the ambit of a sizeable number of welfare amenities.

104. Railways : Subject to availability of funds more attention should be paid to the housing programme for railway employees so that larger number of employees in each category are provided with this important basic need.

105. The efforts made by the Railway Administration in giving impetus to house building on co-operative

basis by its employees is commendable. The total membership of these Societies is, however, not very significant as compared to the total number of Railway employees. The Administration should make greater efforts to give impetus to the formation of such Societies amongst its employees.

106. The free supply of dentures, spectacles and artificial limbs should be extended to all employees drawing pay in the scale of Rs. 250-380 per month by the Managing Committee of the Staff Benefit Fund.

107. At present the medical, health and family planning facilities are only available at important stations or where a sizeable number of railway employees live. It is very essential that gangmen and other similar staff working on the railway lines and at small stations of loop lines are also provided with adequate health and family planning services.

108. The cash incentives admissible to the parties, motivators and doctors, for IUCD, Vasectomy and Tubectomy are very meagre. Keeping in view the national importance of the family planning programme they should be suitably increased.

109. The Railway Administration is running a good number of Institutes providing recreational facilities, reading rooms and recreation clubs as well as mobile libraries with a view to promoting sports/tournaments and physical and mental efficiency. Where institutes do not already exist and the need for the establishment of fresh institutes is felt, the same may be provided.

110. Keeping in view the utility of the holiday homes, their number should be suitably increased.

111. Railway Administration have set up handicraft centres to supplement the income of the families of Railway employees.

The Administration may take steps to expand the activities of these Centres and, if possible, may also explore the possibility for commercialisation of the articles produced in these Centres. This may give further impetus to the wives of the Railway employees and they may take advantage of these handicraft centres in greater number of with greater interest.

112. Canteen is a basic welfare amenity. It is desirable that non-statutory canteens as well as canteens run by the employees, should be encouraged and treated at par with the statutory canteens. At present the practice is that in case of the statutory canteens cent per cent expenditure incurred on the salaries of the staff etc., is granted as subsidy whereas in the case of non-statutory canteens only 50 per cent of this expenditure is granted as subsidy. The same subsidy as is given to the statutory canteens by the Railways may be given to the non-statutory canteens and canteens run by the employees themselves. Credit sales facility may be extended to railwaymen in statutory and non-statutory



canteens for a fixed percentage of pay subject to overall limits laid down in the Payment of Wages Act, 1936. Suitable amendments, if necessary, may also be made in the Payment of Wages Act, 1936 to permit recoveries of the credit sales.

113. Maintenance of canteens on hygienic lines is essential. This can be ensured through regular inspection. It is, therefore, suggested that the medical department of the Railways should make arrangement for inspection of canteens at regular intervals.

114. The present per capita rate of contribution is Rs. 4.30 per non-gazetted employee per year. To meet the growing demand on welfare facilities, the existing rate should be reviewed and the per capita grant be revised upwards.

115. The recommendations made by this Committee do not, however, in any way, jeopardise the area of collective bargaining between the Railway Administration and its employees for any other additional amenities. Looking to the expansion of Railways and rising standards of living, generally the requirement in every sphere can be assessed in bi-partite meetings between the Railway authorities and representatives of the employees from time to time and welfare amenities provided in terms of settlements reached between the parties.

116. Posts and Telegraphs : Housing accommodation so far has been provided to a limited number of posts and telegraphs employees. It is necessary that the department pays greater attention to provide housing accommodation to a large number of its employees, according to a phased programme more so when Posts and Telegraphs has its own programme of construction of houses and has not to depend on outside agencies.

117. There is need to provide some welfare amenities to extra-departmental employees. To such employees facilities like flood-relief, assistance in case of prolonged illness, assistance to dependents in case of premature death of the bread-winner, medical, educational and other similar amenities may be extended. In order to extend these facilities it would be necessary to raise the quantum of the welfare fund which is at present Rs. 10 lakhs. It is felt that this quantum should be raised and it should be based on per capita basis as is the practice in the Railways.

118. For efficient running of welfare measures streamlining of administration and training of personnel is essential. The Department of Posts and Telegraphs should undertake a series of measures aimed at (i) training of personnel concerned with the running of canteens, co-operative stores, thrift and credit societies, etc., (ii) promotion of welfare committees at the circle level consisting of the representatives of workers and the managements to review the working of the various

welfare amenities and suggest measures for improvement periodically ; and (iii) coordination of various activities at the circle level with a view to providing guidance for streamlining such organisations as are exclusively being run by the employees, namely, cooperative stores, thrift and credit cooperative societies, etc.

119. Welfare being dynamic subject, constant review of the type and extent of welfare facilities is necessary. Periodical review of the adequacy or otherwise of the welfare amenities provided and evaluation of their administration, their impact on employee relationship and on the sociological and attitudinal changes in the outlook of employees should be undertaken by an Expert Body. Provision and administration of welfare amenities should also be suitably reorganised as a result of these reviews, if necessary.

120. Posts and Telegraphs have a long history of collective bargaining. In future too, enhancement and alternations in welfare amenities, if any should be effected as a result of collective bargaining between the Department and the concerned workers' organisation.

121. Defence Installations : In defence installations the provision of canteens on joint basis exist, which are at times over-crowded. Wherever joint canteen facilities are provided to units, located at close proximity to each other effort should be made to provide adequate accommodation, service amenities and to overcome the problem of over-crowding, etc.

122. Wherever schools are not situated within a reasonable distance, free/subsidised conveyance from residence to school and back for the children of the employees may also be provided.

123. Supply of free milk and mid-day meals to the children is available in some defence installations. Considering the value of such measures it is desired that the possibility of extending this facility to children particularly of low-paid workers in all schools run by the Defence Installations may be considered, if possible.

124. The Ministry of Defence should make sustained efforts to provide housing accommodation to a larger number of civilian workers in the near future.

125. The housing needs of the civilian workers can also be met with, if the formation of co-operative house building societies are encouraged. The Defence Ministry would do well to direct its units to encourage workers to form co-operative house building societies to accelerate the programme of house building.

126. Wherever public transport services are not available or are inadequate, transport facilities may be provided to the workers by the managements of Defence Installations.

127. Nari Kalyan Kendras set up by the managements at some centres have proved to be useful in more than one way to the families of the employees. Efforts

should be made to set up more Nari Kalyan Kendras in residential areas where there is a concentration of defence employees.

128. Life Insurance Corporation : The liberalisation of the existing terms and conditions for availing housing advances will boost up housing programme. The Corporation should provide liberal terms for house building advances/loans to enthruse its employees.

129. Possibility of providing medical benefit through extension of E.S.I. Scheme to L.I.C. workers may be explored. For the interim period expenditure on specialised treatment may be reimbursed.

130. To improve the facilities in the canteens, the Life Insurance Corporation may undertake to provide space free of rent, utensils, furniture, electricity and water in all the canteens serving 200 or more employees.

131. There is need for providing cash relief in distress like flood, fire, accidents, etc. At present this is being met partly with the existing funds namely; Chairman's Staff (Welfare Fund) and 'Emergency Medical Aid Fund', etc. The existing funds may be augmented so as to provide relief in contingencies like flood, fire accidents or a separate benevolent or compassionate fund may be created for this purpose.

132. Educational facilities in the form of scholarships, books-grant to the children of Class IV employees may be provided.

133. Ports and Docks : The Mankikar Committee recommended that welfare amenities provided to port and dock workers should be of standard comparable to those available to other industrial workers. All Dock Labour Boards Port Trusts should make urgent efforts to ensure that the recommendations of the Single Member (Mankikar) Committee are implemented immediately.

134. Provision of welfare amenities prescribed under the Dock Workers' (Safety, Health and Welfare) Scheme, 1961, should be strictly enforced without further avoidable delay.

135. At present the dock and port workers get welfare amenities to a limited extent. Port Trust Employees' Welfare Fund has not been able to cater to welfare needs of port workers. In view of this, the welfare amenities may be properly planned on the lines of statutory welfare funds of coal, mica and iron ore and finances earmarked and procured. This fund may be administered by a board consisting of the representatives of Port and Dock Stevedores, employees and other interests.

136. Since at some ports canteen facilities are not available to certain categories of dock labour it is essential that these should be provided to all categories of workers round the clock, wherever it is not available,

provided the number of workers is adequate.

137. The Port authorities and Dock Labour Boards should jointly, in consultation with workers' representatives, set up floating canteens in order to provide necessary canteen facility to the workers who are unable to come to the shore, provided the number of workers is sufficient and the scheme is viable.

138. The quality of the items served at the canteens requires improvement and Port and Dock Authorities should pay more attention to the nutritious value of the canteens served in the canteens.

139. In the interest of better management of canteens and greater facilities to the consumers, delegation or decentralisation of financial powers to the extent possible be effected.

140. Priority should be given to the family planning programme and wherever no clinic/centres have been set up, efforts should be made to establish separate clinic/centres properly equipped with duly qualified personnel to carry out family planning advice and operations.

141. Since dock workers are exposed to accidents and hazards of occupational diseases owing to the varied nature of commodities they handle, it is desired that protection be provided to the workers exposed to hazards of occupational diseases under the Factories Act, 1948 should also be made available to dock workers.

142. Where the Dock and Port Workers are residing within the port premises, it is for the employers to provide educational facilities to the employees' children. Where schooling facilities are not available within the convenient distance for the children of workers, the port authority should either consider the setting up of schools or should ensure that adequate transport facility is available to them.

143. Port and dock workers should be offered suitable incentives by the Dock Labour Boards/Port Trusts in order to popularise adult education.

144 (a) As Ports and Docks' Administration work needs very close collaboration and liaison with each other and premises also happen to be the same, the Port Authorities and Dock Labour Board should jointly undertake to provide subsidised houses to all the workers, in the shortest possible time.

(b) The Dock Labour Boards for the provision of housing facilities may be empowered to collect adequate levy from the Stevedore Employers.

(c) Central Government should pay adequate housing subsidy to finance various housing schemes.

(d) Concerned State Governments may also arrange wherever feasible for the land so that housing colonies can be constructed in areas adjacent to Ports and Docks and for the construction of houses, extent of loans may

also be suitably increased.

(c) The Port and Dock Workers are not covered under the Subsidised Housing Schemes for industrial workers. It is desired that the definition of "workman" as given in the Industrial Disputes Act may be suitably amended so as to include Port and Dock Workers also.

145. State Government, Employers' and Workers, Organisations should take necessary steps for setting up Cooperative Stores in Dock Areas/Housing Colonies, wherever practicable and feasible.

146. The provision of transport to its workers where normal transport facilities are not available is the responsibility of the employers. The employers should make necessary arrangements in consultation with the appropriate transport authorities.

147. Keeping in view the hazardous nature of work in Dock and Port Industry, it is essential that there is a sound scheme of distress relief. A scheme may be evolved to provide distress relief and cash benefits in the event of death, injury, sickness, etc.

148. Welfare amenities like medical education, drinking water, canteen and rest and recreational facilities which are essential should be provided to all workers including casual and contract workers on the same footing as are being made available to departmental (registered and regular) workers.

149. Welfare Amenities for Bank Employees : The existing welfare amenities available to bank employees are by and large, satisfactory. The need for providing better and more welfare facilities, if any, may be left to collective bargaining. The workers in Banking Industry, however, be entitled to receive the benefits of the comprehensive National Social Security Scheme as and when it is introduced.

150. Municipal Bodies : Barve Committee, Malkani Committee, Mrs. Renuka Ray Committee recommended that the supply of wheel barrows, trollies, gloves, gum boots, and other protective clothing be provided to municipal workers engaged in conservancy work. State Governments should ensure that the municipal bodies take effective steps to implement the above recommendations and put an end to the primitive and unhygienic practice of carrying night soil as head-loads without further delay.

151. Creches should be provided in colonies generally inhabited by Municipal employees, including sweepers and scavengers, where at least fifty families are residing and where such facilities are not available.

152. Housing programme for municipal workers including conservancy staff should be stepped up without avoidable delay. To achieve these objectives it is desired that—

(a) Municipal bodies with active assistance of State

Governments should take urgent steps to build Housing Colonies for their workers specially for the conservancy staff.

(b) Housing societies on co-operative basis among municipal workers should be formed wherever such societies are not in existence. These societies should also be given necessary financial assistance by the municipal bodies and the respective State Governments.

(c) Existing Housing Schemes for sweepers and scavengers (namely-Sweepers Housing Scheme and Low-Income Housing Scheme) be coordinated in such a way so as to provide maximum benefit to this category of workers.

(d) State Governments may provide house sites free of cost on nominal payment. Rules of loans and advances may be liberalised further to help workers to construct their own houses.

(e) The possibility of constructing houses on hire-purchase basis for municipal workers may also be explored in conjunction with the State Housing Board.

153. The children of conservancy staff need special attention so that they may learn new skills and are thus not forced to adopt the hereditary profession. This cannot be done by imparting education and training to their children out of their income. It is, therefore, necessary that substantial measures are adopted for giving free supply of stationery and books to the children of low-paid employees in general and conservancy staff in particular.

154. In order to bring change in the attitude of conservancy workers with regard to their status in society, a feeling of self-respect and pride may be developed among them. Adult education should be made more popular with the conservancy staff by providing necessary incentives in collaboration with the State Adult Education Board.

155. Community Centres on the lines of Labour Welfare Centres may be opened by the Municipal bodies at appropriate places wherever there is concentration of municipal workers and where such facilities are not available. These Centres should provide inter alia medical, recreational and educational facilities. Arrangements for training in handicraft, knitting and sewing, music and dancing for the families of the workers may also be made.

156. Municipal bodies employing 300 or more workers should take necessary steps in the early formation of cooperative consumers' stores and cooperative credit societies, wherever such facility is not available.

157. Municipal bodies employing 500 or more workers should designate an officer to ensure that the welfare amenities as laid down in the municipal by-laws or effectively implemented.

158. Building and Construction Industry : In the

case of works undertaken by C.P.W.D. directly or through contractors. Model Rules have been framed for providing welfare amenities to workers at work places. Other organisations have also made some arrangements to look after the implementation of these amenities. But the enforcement machinery is inadequate to look after the proper enforcement of welfare amenities. The concerned sponsoring bodies should, therefore, take effective steps to ensure that the obligations cast upon the employers under the Model Rules are implemented.

159. Where the works site are located at far off places and the workers do not belong to the local area or places within a distance of 5 miles from the work-site, it should be obligatory on the employer in case of all work-sites, where 100 or more workers are employed, to provide improvised huts or residential camps to such workers near the work-sites, with suitable sanitation facilities.

160. A large number of women workers are employed in construction industry. Also the pattern of employments such that almost all adult members of the family work on the same work-site. In such a situation necessary arrangements should be made by the employers for workers' children to be looked after properly.

161. Since a large number of construction workers are outside the purview of safety provisions, it is desired that the standardisation of safety measures for different job descriptions should be laid down by the technically competent experts.

162. It has been noticed that there is a considerable delay in the actual disbursement of claims under Workmen's Compensation Act, 1923. Arrangements should be made for expeditious disbursal of the amounts by disbursing authorities as prescribed under the Act.

163. It is essential that in building and construction industry workers are protected against accidents by accident insurance. A beginning in the field of accident insurance can be made in respect of such work-sites as employ 100 or more workers.

164. Building and construction industry being an industry which employs a sizeable number of workers as also keeping in view its peculiar nature, mere extension of existing enactment of labour welfare and social security benefits to this industry will not serve the purpose. To suit its particular nature, there should be separate self-contained enabling legislation to regulate, inter alia provision of welfare amenities and social security benefits to a very large number of workers employed in this industry.

165. Motor Transport Workers: State Governments should suitably strengthen their inspection machinery to ensure that the statutory welfare amenities provided in the Motor Transport Workers' Act are effectively

implemented without avoidable delay.

166. In the State of Jammu & Kashmir, a very large number of workers are employed in Motor Transport Industry. Motor transport is the only means of transport in this State. In order that workers are ensured basic welfare measures, it is essential that subject to over-all constitutional safeguards applicable to the State of Jammu and Kashmir the Motor Transport Workers Act, 1961, may be extended to that State.

167. Road Transport industry like various other industries has its own hazards. Moreover, Road settled. Only due to administrative or other difficulties that may come in the way of the State Government for the extension of the Act to cover establishments employing less than 5 workers, a large majority of road transport workers cannot be deprived of the benefits of the provisions of even the minimum basic welfare amenities provided under the Act for an indefinite period. As it is Central Act, the Government of India, in consultation with the State Governments, which enforce the Act, should consider the possibilities of extending the same to uncovered workers.

168. Since the headquarters of transport companies are located at concentrated places, the scope of extending amenities in this regard merits consideration by the concerned State Governments. There is a strong case for the State Governments such places to provide the basic minimum welfare amenities, such as canteens, rest shelters, and medical facilities to workers employed by them. Should persuasion fail, it would be desirable to amend the Motor Transport Workers' Act suitably so as to make it obligatory on the transport establishments not covered under the Act to provide jointly basic minimum welfare amenities referred to above.

169. Instead of creating an autonomous body for the Motor Transport Workers only, the proposed Labour Welfare Boards in each State should also take care of the workers employed in Road Transport Industry. This will not only economise the overhead cost but will bring these workers within the larger area of welfare amenities to be provided by the Welfare Boards.

170. The running staff of Motor Transport Industry may be compulsorily insured for a reasonable amount against death and permanent incapacity, the cost of insurance being shared equally between the employers and the workers. The Life Insurance Corporation has a number of schemes to cater for such establishments, one of which is a Group Insurance Scheme. It is desired that the Life Insurance Corporation may consider whether any of the existing scheme would meet the purpose of this recommendation and, if not, a new scheme may be evolved for the purpose.

171. Welfare Amenities for Seaman: There is need

for construction of adequate housing for Seaman. To supplement their housing facility it is desired that :—

(a) Construction of hostels, clubs and other quarters may be intensified keeping in view the requirements of family and non-family seamen accommodation.

(b) Special facilities may be offered to such seamen as do not have their own houses to form Cooperative Housing Societies for meeting their housing needs.

172. As a preliminary step investigation may be carried out into the causes of high incidence of diseases (i.e., ear trouble and stomach ulcer) and preventive as well as curative steps be taken at an early date to bring down incidence of all diseases.

173. The National Welfare Board for Seafarers recommended :

(a) Establishment of hospitals or boarding and lodging houses for seamen ;

(b) Establishment of clubs, canteens, libraries and other like amenities for the benefit of seamen ;

(c) establishment of hospitals for seamen or the provision of medical treatment for seamen ;

(d) Provision of educational and other facilities for seamen.

Efforts should be made to implement the recommendations given by the National Welfare Board for Seafarers' or any of the Sub-committee appointed by it, as quickly as possible.

174. It would be desirable to organise seamen's clubs which would undertake more facilities on an expanded scale, wherever considered necessary and feasible.

175. It would be advisable for the Central Government to persuade the State Governments to set up Vocational Training Centres wherever Seamen live in a sizeable number. Continued technical education may also be arranged for Seamen so that they become eligible for higher jobs in the industry. Apart from Ship owners and other employers, Seamen's Welfare Fund Society can also make some positive contribution. Such vocational centres should also be made open for the families of seamen and/or unemployed Seamen who may be assisted to acquire knowledge of certain trades and vocations which will enable them to supplement family income, when the bread-winner is on the high seas and also during his unemployment period. While it is necessary that the amenity should first be arranged for the workers, it is equally important that if this facility is provided it should be properly and fully utilized. The experience gained, so far is not very encouraging. The location aspect of such centres will play a very important part. In case such Centres are set up at a distance from the residence of Seamen then there is a likelihood that the families of Seamen may not be enthused to avail of the advantage

of this amenity. Such centres could be started as near residence of seamen as possible in places where seamen population is concentrated.

176. A suitable Scheme of Unemployment Insurance may be evolved and made applicable to seamen as and when considered feasible and administratively possible.

177. It is felt that the formation of cooperative credit and thrift societies for the benefit of seamen may be considered. These Societies may be given loans on easy terms to seamen during the period of unemployment.

178. The handicapped Seamen should be assisted in their rehabilitation, so that they can do other jobs and earn livelihood in spite of their incapacity for working as seamen.

179. Prior to rehabilitation, the programme for providing necessary training to the handicapped seamen is very necessary. Before handicapped seamen could find an alternative job it is necessary that Rehabilitation Centres could be started at major ports where such seamen could be trained (in different trades, which they can pick up, taking into consideration the nature of their incapacity to do certain jobs or arrangements could be made for training at established centres, if the number of such handicapped seamen does not justify starting a centre exclusively for them.

#### Welfare Amenities for worker In Mining Industry

180. Minimum Welfare amenities for Miners : Minimum amenities that must be extended to all miners irrespective of the size or location of the mine and the number employed therein should include : (a) Wholesome and cool drinking water ; (b) first-aid medical appliances; and (c) living facilities.

181. There is no doubt that the provision of wholesome drinking water and first-aid amenities will have to be provided and equipped according to a standard measure prescribed by the competent authority. As for living facilities, the standard and scale of these amenities will have to differ from mine to mine and in some cases from mine to mine as well. Mines employing less than 50 workers, with a short span of life, cannot certainly be expected to provide a standard pucca house. The purpose of laying down minimum facilities would be met even if a thatched house or an improvised hut, in the case of mines having short life or employing negligible number of workers, is provided.

182. For mines employing more than 50 workers, it is necessary that the minimum should also include facilities other than those referred to above. These would include proper arrangements for latrines, disposal of night soil, urinals, drainage, prevention and control

of diseases prevalent/associated with the working situation and/or place of living, emergency medical care on the spot and family planning advice.

183. Employers employing 300 or more workers may take initiative to provide adequate educational and recreational facilities with suitable assistance from State Governments and the Miner's Fund.

184. In the case of very small mines, efforts to provide some of the amenities, other than wholesome and cool drinking water, first-aid medical appliance and thatched houses, will have to be supplemented by the General Miners' Welfare Fund, which is proposed to be run by a Corporation.

185. Existing Welfare Measures : (i) The existing Mines Rules be suitably amended to provide for a full-fledged dispensary and to appoint a full-time medical officer and compounder-cum-dresser and nurse for every mine employing 500 or more persons. For mines employing between 150 to 500 workers, a part-time medical officer and a full-time compounder-cum-dresser may be appointed.

(ii) For smaller mines employing 150 or less workers spread over a contiguous area, a mobile medical unit be provided jointly for a group of mines under a qualified doctor.

(iii) The list of medicines, drugs, appliances and equipments which continue changing due to the research and advancement in medical science, should be revised and brought up-to-date from time to time by the Medical Board. There should be a revision of list of standard drugs at least once in five years.

(iv) The dispensaries which are getting grants-in-aid from welfare fund should also arrange family planning clinics in view of the importance of the problem. Expeditious arrangement should be made to reimburse expenditure to the mine owners concerned.

(v) The specifications regarding the provision and standard of first-aid-room be laid down to guide the mine owners.

(vi) The above recommendations should apply to all types of mines in India and suitable amendments may be made in the Mines Rules under medical facilities for the miners.

186. Rest shelters should be provided in all mines irrespective of workers employed therein. The type of rest shelters may be worked out according to the conditions obtainable locally.

187. Since pit head baths are absolutely essential for workers engaged in the extraction of coal, the provision regarding pit head baths may be enforced strictly.

188. As the provisions of Canteen is a statutory obligation, it should not only be run well but should also be able to provide at least one balanced meal a day

to workers at rates cheaper than those charged by private shops in the nearby localities. As managements provide free electricity and water for the maintenance and building of the canteens, these canteens be run on "no profit and no loss" basis.

189. Credit facilities to the mining workers for purchasing of edible be extended to maximum limit or 15 per cent of the basic wages and dearness allowance, subject to the overall limit laid down in the Payment of Wages Act, 1936. Managements should also keep these canteens open for atleast two shifts for the mines working round the clock.

190. Since maintenance of creche is a statutory obligation on the part of the mining employers/employing women workers, the enforcement machinery should ensure that the creches are provided and maintained well by the mining employers. Child health clinics and family planning counselling centres for women workers may also be started in the creches.

191. Community creche-cum-kindergarden institutes may also be started by the Mica and Iron Ore Welfare Fund. Such creches should also be started for other mining industries through the General Miners' Welfare Fund, when constituted.

192. Enforcement Machinery : By levying suitable registration fee on the mining establishments it should be possible to build up sufficient fund which may in turn be utilised for reinforcing the mining inspectorate.

193. Suitable registration fee in the case of mines, on the lines in vogue in factories, be imposed for strengthening the enforcement machinery for the implementation of statutory welfare provisions in the mining industry.

194. The Directorate General Mines Welfare be set up for organising welfare activities for workers engaged in the mining establishments. This administrative agency would be in a befitting position to ensure the effective enforcement of the statutory welfare measures in all mining establishments.

195. (i) The provisions relating to health and sanitation prescribed in Chapter V of Mines Rules 1955, which include the supply of drinking water and its shortage at work-sites on the surface construction of latrines and urinals on the surface and other provisions relating to general sanitation may be administered and enforced by proposed Director-General Mines Welfare on the surface. For underground, such provisions may continue to be administered by the Director General Mines Safety.

(ii) The provisions relating to first-aid and medical appliances in Chapter VI of the Mines Rules which are closely connected with the accidents and injuries in Mines, may continue to be administered by the Director General Mines Safety.

(iii) The provisions relating to employment of persons, weekly day of rest, compensatory days of rest, etc., mentioned in Chapter VII of the Mines Rules and provisions relating to leave with wages and overtime, etc., mentioned in Chapter VIII of the Rules, fall under the broad purview of the Payment of Wages Act, 1936, and may therefore, be looked after by the Industrial relations machinery under the Chief Labour Commissioner (Central).

(iv) All other non-technical provisions including rest shelters, canteens, welfare officers their duties and conditions of service, etc., mentioned in Chapter IX of the Rules should be enforced and implemented by the proposed Director General Mines Welfare in all mines in India.

(v) The inspecting and enforcement officers attached to Directorate General, Mines Welfare and Chief Labour Commissioner (Central) may be declared as Inspector of Mines under section 5(1) of the Mines Act, 1952. Alternatively, the proposed Directorate General, Mines Welfare and the Chief Labour Commissioner may be declared as competent authority for administration of different sections as indicated above under Mines Rules, 1955. For implementing and enforcing the above recommendations, the Mines Rules 1955 be suitably amended.

196. **Housing:** Existing rate of cess on the despatch of coal both for the construction of houses as well as for the extension of other welfare amenities as inadequate and the rate of levy be raised to Re. 1 and a one fourth.

197. At least 20 per cent of the houses required for colliery workers, in each colliery, should be built by the employers on their own and the remaining 80 per cent with subsidy from the Welfare Fund.

198. Subsidy for construction of house should also be suitably increased by the Coal Mines Labour Welfare Fund.

199. State Government must streamline the process of acquisition of land and make it available to employers at reasonable prices.

200. Workers in coal mines should also come forward to take advantage of the 'Build Your Own House Scheme' or Cooperative Housing Scheme. Trade Unions should take sufficient interest to popularise the above schemes amongst colliery workers.

201. Hostel accommodation for bachelors and widowers should be provided by the Coal Mines Welfare Organisation at suitable places.

202. Employers in Mica Mines should realise their responsibility in the matter of workers housing and provide houses to their workers and should come forward to avail of the assistance by the Fund.

203. In mines situated in remote places and where

the life of the mine is uncertain and seasonal, the housing programme can be made flexible to suit local, climatic and environmental conditions. One standard need not be applied to all places and conditions. A Good thatched house is, therefore, as good as a brick house if it is situated in healthy and clean surroundings, where the life of mine is short, houses built of pre-fabricated concrete slabs, portable hutments, temporary houses built of cheap and locally available building material should be encouraged instead of conventional types.

204. Houses should be constructed for the balance of such workers as have not yet been provided with housing recommendation by managements of mining establishments of mines other than coal with suitable subsidy from the proposed General Miners' Welfare Fund. As for the major minerals, it is necessary that at least 20 per cent of the housing units are provided by employer and the balance, according to the requirements, constructed with suitable assistance from the proposed fund.

205. Housing facilities commensurate with the conditions of work and the terms of lease held, should be provided to workers employed in minor minerals.

206. Since it is difficult for the individual mine owners to provide housing facilities to their workers, the proposed General Miners' Welfare Fund should therefore, offer assistance to mine owners for construction of house. An expert body may lay standard of houses after taking into cognizance all the relevant factors.

207. **Statutory Welfare Funds in Mines:** Repairs and renovations of chowrahas and huts wherever necessary should be carried out by the employers themselves in all mining establishments.

208. Static dispensaries may be substituted by mobile medical units in coal fields.

209. The medical officers employed in the medical institutions of the Coal Mines Welfare Organisation should be adequately trained in the field of industrial health and applied medicines.

210. Research facilities be provided at hospitals set up Coal Mines Welfare Organisation under a phased programme.

211. Employers should make arrangements for supply of protected drinking water, storage and distribution thereof. In case it is not possible to provide piped water in each house, provision for giving one water tap for at least every 5 houses, wherever it is feasible and wherever sizeable number of workers reside in a workers' colony, should be made obligatory and the Mines Rules be suitable amendments in the Act.

212. Mica Mines Labour Welfare Fund Act may be



extended to Mica factory workers by making suitable amendments in the Act.

213. The rate of cess on export of Mica be raised to 6-1/4 per cent advalorem, the maximum permissible under the Act.

214. General Miners' Welfare Fund : The General Miners' Welfare Fund be constituted and administered by the Central Government.

215. For constituting the General Miners' Welfare Fund the best solution would be to divide the minerals into a number of groups on the basis of prices and to levy cess at different rates as under :

(i) For minerals whose value is upto Rs 25 per tonne, a cess of 25 paise per tonne may be levied ;

(ii) For minerals whose value vary from Rs. 25 to Rs. 50 a cess of 50 paise per tonne, may be levied ;

(iii) For minerals fetching prices higher than Rs. 50 per tonne, the rate of levy may be Re. 1 per tonne ;

(iv) In the case of precious stones, and minerals where the unit is carats or kgms., the cess should be levied on the ad-valorem basis ranging between 1 per cent to 2-1/2 per cent of the value.

This will help in distributing the burden on each mineral equally.

216. Administration of the General Miners' Welfare Fund : All the existing Statutory Welfare Funds, namely, Coal Mines Labour Welfare Fund, Mica Mines Labour Welfare Fund and Iron Ore Mines Labour Welfare Fund be pooled together and placed under one administrative agency, like Directorate General, Mines Welfare and the Directorate should be empowered to implement and enforce statutory and non-statutory welfare measures for all mines in India. Its set up should be on the lines of the Directorate General, Mines Safety and should work region-wise as per location and density of miners in different areas of the country with headquarters at Dhanbad so that the coordination programme with Directorate General, Mines Safety should continue.

217. In order to ensure that the welfare amenities which are financed out of the cess levied on coal, mica, and iron ore and through such impositions or levies which may be decided in future for other minerals, including minor minerals, are provided, implemented and executed with speed without administrative overlapping. An autonomous corporation may be brought into being, with the amalgamation of the three existing Funds to start with. This set up will embrace the proposed Directorate General, Mines Welfare.

218. In the company or corporation, form of administration, it would be easier to delegate powers to the Chief Executive who in turn, will delegate to the various administrative units working in different regions of India.

## Revision Of Wage Limit For The Purpose Of Coverage By Plantations Labour Act

219. The coverage of the Plantations Labour Act should be brought at par with definition of the workmen under the Industrial Disputes Act and as such Section 2K (ii) of the Plantations Labour Act needs to be amended.

220 Supply of drinking water : (1) The small planters have not been able to comply with the provisions of the supply of drinking water as per provisions of the Plantations Labour Act in Assam, Tripura and West Bengal. A stricter enforcement of the Plantations Labour Act would go a long way in improving the existing arrangements.

(2) It would be safe to provide piped supply of chlorinated water through stands at convenient points and if this is not feasible, efforts should be made to provide tubewells. These efforts need to be supplemented by Local Panchyats which collect cess from Plantations.

(3) Where the safe water supply cannot be made available, the practice of drinking boiled water can be established through the health education.

(4) In the State of Kerala, where the rules do not specify that drinking water facilities should be made available at the work-place, there is need to make a suitable amendment to the rules to provide for this.

221. Sanitation : The provisions relating to conservancy have not been complied with the required extent. The employer should provide preferably septic latrines at work place at the rate of one for 50 acres with a minimum of one for either sex.

222. The question of identification of occupational diseases and the treatment thereof in the plantation areas on account of any of the occupational hazards needs to be examined and a survey might be undertaken by the concerned authority.

223. The benefit of the short-term reorientation courses and research as are conducted by institutes like the Ross Institute of Tropical Hygiene at Jorhat should be available to the Industry as a whole and be extended to small plantations on suitable terms and conditions.

224. Prescription of drugs and medicines : State Government where plantations are located and which have not prescribed list of medicines, drugs and equipment to be maintained in the hospitals under the Plantations Labour Act should be done urgently. In order that hospitals are properly equipped the State Governments may also consider the desirability of undertaking a review at least once in two years.

225. Extension of E.S.I. Scheme to Plantation Industry : It may not be possible for the Employees' State Insurance Corporation to cover the plantations in the foreseeable future. As such the possibility of making

arrangements for extending medical facilities to plantation workers not covered by the Plantations Labour Act have to be explored independent of the Employees' State Insurance Corporation.

226. **Canteens.** The provisions relating to canteens or satisfactory alternative arrangements as prescribed by the State Government, should be enforced.

227. **Creches.** The provisions relating to creches need to be effectively implemented. Though the possibility of reducing the prescribed limit of workers would be a matter of detailed study, the existing provisions should be implemented in full. The Kindergarten and nursery classes may also be provided for children upto the age of 5 years in the creches.

228. **Recreational facilities.** More attention need to be paid to the provisions of recreational facility and the rules in this regard should be better implemented.

229. **Educational Facilities :** The standard of educational facility provided in various plantations is neither uniform nor adequate. As the provision of educational facilities to workers' children in plantations is a statutory obligation, the planters should provide these facilities adequately and should also maintain requisite standards at par with similar institutions wherever this is not so in their respective States. The State Governments should also ensure that educational facilities in plantations are effectively provided to workers' children by the employers.

230. **Housing :** The housing programme has fallen short of the requirements and as such it needs to be accelerated :

(i) In view of the reported response from the planters adequate funds should be made available under the Plantations Labour Housing Scheme so that the employers may accelerate the implementation of the Housing provisions.

(ii) Provisions of stipulated number of houses in a given year should be strictly enforced. In case where the employers find themselves unable to fulfil this obligation for reasons beyond their control and for which they obtain the exemptions from the State Government, they should make efforts to cover the backlog of the preceding year, according to a phased programme.

(iii) The State Governments should help the planters to secure essential building material at reasonable rates.

(iv) The standard of houses already laid down in the rules for housing under Plantations Labour Act for workers should not be subject to frequent revisions. Even where such revision is necessitated, the houses that have already been built as per earlier specifications should be deemed to conform to specifications.

231. Section 15 of the Plantations Labour Act may be amended suitably to provide housing facility to such

workers who may wish to reside in the estates but do not reside within a distance of 5 kilometers from the periphery of an estate.

232. **General (Other Facilities) :** The rules relating to the provisions of canteens, creches, schools and recreation have not been uniformly enforced by all the States for various reasons. The Government of India may undertake a comprehensive review of the need for such amenities as contained in these provisions by a tripartite machinery and enforce such of the amenities as are necessary and practical without delay. Wherever the provisions of the Act cannot be enforced as such, it may be advisable to bring into being some suitable alternative measures to meet the spirit of the provisions which have so far been held in abeyance for some reason or the other.

233. (i) The Government of India may evolve a pattern of reporting statistical information in consultation with the State Governments on the implementation of the Plantations Labour Act so that necessary detailed information can be collected and presented uniformly for the Plantations States.

(ii) The detailed study of labour conditions in plantations undertaken by the Labour Bureau, Simla, needs to be repeated atleast once in 5 years. The first survey conducted in 1961-62 can serve as a benchmark for measuring the improvements over a period of time.

234. **Need for Sociological Study of Labour-Management Relations :** A sociological study relating to the impact of close association between the workers and management in plantations on the industrial relations and productivity, etc., may be conducted. This study may throw considerable light on the behaviour pattern of the employers and workers in an important industry, which may be useful for other industries as well.

235. **Non-Statutory Welfare Amenities :** The workers' organisations would make considerable contribution to the welfare of the workers with better financial resources or with grants from State Governments or Commodity Boards.

236. **Tea Board :** The welfare activities of the Tea Board do serve a useful purpose. But due to paucity of funds, their activities are limited in nature.

237. **Coffee Board :** More welfare activities can be undertaken by the Coffee Board provided additional funds are made available by the Government.

238. **Rubber Board :** With more liberalisation of the funds, a wider range of welfare activities could be taken up by the Rubber Board and the possibility of liberalising allocations, may be examined by the Government of India.

239. **Implementation and Enforcement Including Legislation :** The Plantations Labour Act should be suitably amended so as to provide for notification of charges

with regard to ownership and acreage.

**240. Penal Provision :** Instead of providing maximum penal punishment under sections 36 and 37 of the Plantations Labour Act, the same be suitably amended so as to provide for maximum as well as minimum punishments under the Law. In the case of continuing defaults of Factories Act, it has been suggested that a minimum penalty of Rs. 500 and a maximum of Rs. 3,000 should be fixed. The same yardstick may be applied in case of violations of the Plantations Labour Act.

**241. Medical Inspector :** The Ministry of Labour, Employment and Rehabilitation of the Union Government should consider the appointment of Medical Inspectors exclusively under the Plantations Labour Act and also amend the Act for the purpose.

**242. Tripartite Advisory Bodies :** The State Governments may consider the setting up of Tripartite Advisory Bodies as may be found necessary to ensure proper enforcement of the various welfare provisions of the Plantations Labour Act.

**243. Additional Welfare Amenities :** Additional Welfare Amenities should be provided and administered by the respective Commodity Boards by suitable enhancement of the existing levy. The additional welfare amenities to be provided over and above those contemplated under the Act are as under :

(i) Provision should be made for distress relief and payment should be made to the workers in case of extreme hardships—like long illness or other extraneous circumstances such as death of bread earner, natural calamity like fire, flood etc.

(ii) It is essential that sufficient medical and preventive welfare facilities are provided to all the plantation workers adequately. This should also include suitable arrangements to provide medical treatment for infectious, occupational and complicated diseases. It is reported that arrangements exist in this regard in Southern Plantation States only. It is necessary that such adequate medical amenities are made available to plantation workers in all the plantation States.

(iii) High priority of Family Planning Programme, implementation of Maternity and Child Health Facilities already provided in the Maternity Benefit Act and assistance for provision of protective food of expectant and nursing mothers, infants and children wherever, not already provided, should be made.

(iv) Sight-seeing tours should be organised for the plantation workers.

(v) Arrangements should be made to provide better sanitary facilities to the workers in the plantation areas.

(vi) Arrangements should be made to provide for education of adult workers in the plantation areas.

(vii) Arrangements should be made to provide a

film library and mobile van so that the film shows could easily be organised in the plantation areas.

(viii) A library and reading room facility should also be provided to the workers in plantation areas.

**Phased Programme.** The provision of additional welfare amenities needs to be phased out depending upon the priority and needs of workers in different plantation States. The phased programme should be reviewed periodically, say between 2 to 5 years. The implementation of these amenities also should be reviewed at least annually by the State Tripartite Bodies.

**244. Plantations Labour Act should be extended** progressively to such plantations as are not covered under the Act, to the extent administratively practicable. The question of determining the extent to which the Act should be extended to the plantations not covered under it should be left to the Government of India which might set up a Special Committee to review the extension of the said Act periodically.

**245. Special Wings of the Labour Welfare Boards :** As the progressive extension of the Act would involve considerable time, it is necessary that some suitable agency should be found to look after the requirements of plantation workers. The afore, it is necessary to establish separate Wings in the proposed State Statutory Labour Welfare Boards exclusively to look after plantation workers.

**246. The sources of finances for the proposed** plantation wings of the Welfare Board can be as under :—

(i) Grants given by the Commodity Boards for some of the welfare amenities for workers and their children, namely, education and medical facilities may be diverted towards the Board instead of the State Government;

(ii) Income accruing on account of various local taxes imposed by Panchayats on plantation areas be diverted to this Board;

(iii) As in the case of Assam Tea Employees' Welfare Fund, unclaimed wages and fines should also form part of the finances of this Board;

(iv) The State Governments should earmark some fund out of their plan allocations for this Board;

(v) Some levy be charged by way of contributions from employers and workers in uncovered estates. The rate of contribution may, however, differ between employers and workers;

(vi) If all the above sources combined together still fall short of the financial requirements of the activities undertaken by the proposed welfare board, the possibility of enhancing the levy of cess under respective commodity enactments by a paisa or two for which there is already a provision in the said Acts; may be

examined by the Central Government.

**247. Definition of Agricultural Labour :** Agricultural labour be defined as one whose principal means of livelihood is wage income arising out of farm labour and other allied activities.

**248. Review of existing Welfare Amenities :** A section of agricultural labour cultivates small strips of land. Efforts should be made to convert them into viable farms, just as assignment of land is made to landless by allotment of cultivable waste lands wherever available and out of lands becoming surplus due to enforcement of ceiling on land holdings. They may also be given credit facilities for sinking shallow wells.

**249. Rural Housing :** (i) A separate agency exclusively for organising and administering rural housing programme be set up at State level, with a view to implementing the Scheme on an extended scale and also to effectively spend the Plan allocations under the Scheme;

(ii) There is also a need to conduct a survey and locate the area where the shortage of accommodation is acute;

(iii) In all important areas where concentration of labour exists or is likely to develop should be identified. House sites in all such areas may be developed as advance programme for rural house building. Government may also think of constructing labour housing colonies in areas suffering from acute shortage of accommodation. The houses so constructed may be given on nominal rent.

**250.** There is a positive need for gradually increasing the outlay under rural housing programme with accent on "housing" for landless labour within the limits of the available resources in the Plan.

**251.** Attempts should be made to help in the organisation of Housing Co-operative Societies wherever feasible for agricultural and rural labour.

**252. Medical and Health Facilities :** Health Education in rural areas should be given high priority by Panchayats and other social groups.

**253.** Measures may be taken to augment existing medical facilities in rural areas by providing medical services through Unani, Ayurvedic, Siddha and Homeopathic Systems of medicines for primary health centres.

**254.** With an all-out effort to get the doctors to the rural areas and with the integration of modern indigenous systems of medicines on curative side and Yoga and Nature Cure on the preventive side, considerable improvement could be made to the services rendered to the agricultural and rural labour through the Primary Health Centres in course of time.

**255. Rural Water Supply :** There is need for augment-

ing the resources to provide the basic welfare amenities like drinking water facility. It is essential that this basic programme is augmented by Shramdan organised on a national level through Zila Parishads, Panchayats, etc. all over the country.

**256. Educational Facilities :** Institutional facilities for secondary education should be located at places where there is concentration of students seeking higher secondary education.

**257.** The timings and vocations of the primary and middle schools in the rural areas may be adjusted to suit the requirements of the seasons and areas with a view to facilitating the children of agricultural labour to take advantage of the schooling facilities.

**258.** As the agricultural labour, especially the landless class, are economically handicapped on account of the lack of regular source of income, provision should be made by the State Governments to give scholarships to the children of landless agricultural labour for higher agricultural education and for agricultural biased vocations.

**259. Adult Education :** Rural Education Programme should be suitably provided to give an occupational bias with a view to enabling the workers to get equipped so that the objectives of better productivity and efficiency in the handling of the agricultural labour and allied operations could be achieved.

**260.** Attainment of effective co-ordination amongst technical and administrative services at block level is still lacking. There should be an integrated approach towards economic, cultural and social problems of the rural population. For this, the technical service in rural areas and the agencies controlling these services have also to be adequately strengthened and their functioning streamlined.

**261.** There is a need for toning up of the administration and the existing machinery with a view to enabling it to cope with the economic and social responsibility in extending the welfare amenities to rural and agricultural labour.

**262.** The administrative unit at District, Block and Village levels, should be strengthened in terms of financial resources and trained personnel to enable them to play an active role in improving the welfare of rural population including agricultural and rural labour.

**263.** It is desirable to have an integrated set up which may at the village level co-ordinate the work of welfare amenities so that there is no overlapping between functionaries for any imbalance in the provision of certain welfare amenities, to certain sections of people or in certain areas, to the detriment of other areas which may languish for want of these amenities due to lapses and disproportionate expending of funds.

## Welfare Amenities For Agricultural Labour

264. **Labour Pool :** Labour pools should be set up on pilot basis in some of the areas, where there is concentration of agricultural labour, whose main livelihood is wage-income, and where the incidence of unemployment is considerably high. In the initial stages only those areas may be selected where the Rural Man-power Programme have been initiated in the past. If these experiments prove a success, such pools may be set up at Tehsil, Taluka or Block levels in all the States.

265. The scope of the Rural Man-power Programme should be widened, with a view to including the construction of buildings for schools, dispensaries and houses in the rural areas. This would help in the creation of the welfare assets of the community and would also go a long way in meeting the accepted needs of the labour in the rural areas.

266. The agricultural and rural labour cannot be expected to remain silent spectators of various fringe benefits and welfare amenities that are being enjoyed by their counterparts in industry. It is, therefore, essential that whatever be the administrative difficulties of identifying the agricultural and rural labour and also of administering welfare amenities for such persons, endeavour should be made to make a beginning to lay down a basic minimum which must be ensured to this class of Labour.

267. The following amenities should form the base of the welfare amenities, that must be provided to agricultural and rural labour in course of time according to a phased programme and with due regard to the local needs and circumstances :

- (i) Supply of drinking water,
- (ii) Provision of health and medical facilities ;
- (iii) Supply of protective equipment to ensure safety ;
- (iv) Provision of house-sites free of cost and cheap houses on easy instalments or houses on nominal rent ;
- (v) Free educational facilities for the children of landless labour, and
- (vi) Rest shelters at places of work.

268. **Statutory Responsibility :** A farm employing five or more agricultural labour be made statutory responsible to provide basic minimum welfare amenities like drinking water, first aid, rest shelters and protective equipments including safety appliances to the agricultural labour. It is also recommended that a suitable All-India Enabling Legislation should be brought into being for the purpose urgently.

269. There should be a proper re-orientation and

training for farm labour to handle the sophisticated machinery and chemicals which are now playing an increasing role in agricultural production.

270. **Safety Code :** There is need for providing some built-in safety devices in the farm machinery. In addition, audio-visual aids should be progressively used to create safety consciousness among farm workers.

271. The State Governments may be empowered to frame appropriate rules for detailed implementation of the provisions relating to safety on all farms using machinery and poisonous chemicals irrespective of the number of labour employed by those farms, if necessary.

272. **Extension of the Provisions of Workmen's Compensation Act :** Either the provision of the Workmen's Compensation Act, 1923, be extended to agricultural industry or similar provision should be made in the proposed All-India Enabling Legislation, so as to make it exclusively applicable to agricultural workers.

273. **Welfare Centres In The Rural Areas :** (i) Labour Welfare Centres may be set up on pilot basis in the initial stages in all the States, wherever settlement schemes have been taken up or are proposed to be taken up for settlement of landless labour.

(ii) The entire expenditure on such welfare centres for an initial period of five years be borne out of the Plan Funds and subsequently an element of subsidy and grant be continued.

(iii) The settlements which have either been established or are being planned may be developed into model villages where all amenities like proper houses suiting the local requirements, cultural facilities including audio-visual education and film shows, educational institutions including child-care centres and Kindergarten or nursery schools, health and family planning, with arrangements for training of crafts, including training in the methods of agriculture, are provided.

274. **Enforcement Machinery :** There should be a specialised agency for ensuring provisions and implementation of the proposals made by the Committee in the Report. The machinery has also to work in close liaison with existing organisations that are operating in the field of rural areas as a whole for providing various types of welfare amenities.

275. **Enforcement machinery in the States** should be suitably strengthened to extend its field of activity in the rural areas to enforce such measures as may be introduced for the welfare of the rural and agricultural labour. A separate Rural Inspectorate Wing may be created in each State for the purpose. In the plantation States, this work should be entrusted to Plantation Inspectors with suitable increase in staff.

## Family Planning

276. The propagation of family planning amongst

the industrial workers is an essential requisite for the well-being of the workers. Family Planning Programme for industrial workers, therefore, should be made a part and parcel of labour welfare activities by the employers.

277. For the implementation of the programme no force, coercion or compulsion are to be used and the programme is to be implemented through a long-term education and motivation of industrial workers in regard to family planning on a sustained basis.

278. Central and State Governments Schemes should give recognition (where not already given) to fully equipped and properly staffed hospitals run by employers for purposes of giving financial assistance in respect of centrally-sponsored schemes of family planning so that no additional financial burden is caused on employers.

279. Many of employers have been providing additional incentives for their employees participating in family planning programme. It is suggested that other employers also emulate this example.

280. Restrictions on maternity benefits as a means of discouraging improvident births will be misunderstood as a means to deprive the workers of the benefits and will be contrary to the purpose of motivating the workers to voluntarily accept the family planning programme. No such restrictions be introduced.

281. Complete integration of family planning with maternity and child health programme be effected where it has not been done so far by the State Governments and should also provide regular maternal and child health workers and health educators to visit work places and residential areas frequently to give proper education to the workers and their families and to dispel wrong impressions about various family planning devices on the physical capacity and mental efficiency of the workers.

282. The Employer's Associations like Mill-owners' Association, Ahmedabad, Bombay Mill-owners' Association, United Planters' Association of Southern India, Indian Tea Association should instigate an interest in propagation of family planning amongst their workers, should be recognised by the Government of India as voluntary association for receiving direct assistance from the Government and also for coordinating the family planning activities in respect of their constituent units.

283. Studies should be conducted among industrial workers and publication of low cost periodicals and other means of communication (in local languages) to disseminate information based on such studies on family planning to remove the doubts of the people on the bad effects of operations, treatment, etc., should be brought out by leading employer's associations and trade unions.

284. The success of the Family Planning Programme hinges to a considerable extent on the direct participation by workers and workers' organisations. As such workers' organisations should come forward to play a positive role in propagating family planning programme. All assistance should be rendered by the Central and State Governments and Managements.

285. At present the individual units seem to be confronted with the difficulty in getting proper and timely grants for extension of family planning activities. Such difficulties could be resolved if a lump-sum grant is given to some Central Agency or Coordinating Committee which may be entrusted with the task of distributing the grants taking into account the needs of the individual units. With the introduction of new measures to augment services and the supply of contraceptives the above difficulty may not be so acute.

286. The services of such male and female workers as have succeeded in limiting their families through family planning methods be utilised for doing propaganda work amongst industrial workers and emphasis should be laid on careful selection of such workers.

287. In areas which are not covered by family planning service and those located at out of the way places, mobile services be provided by the State Governments in consultation with leading employers' and workers' organisations.

288. In the case of coal mines, a good deal of family planning activity is undertaken by the Coal Mines Labour Welfare Fund. This should be further intensified. Besides, the facilities already available in the regional hospitals opened by the Fund, lady health visitors be deputed in coal mines to intensify propaganda campaign and popularise family planning programme. Similar attention should also be paid to even non-coal mining establishments by the proposed Common Miners' Welfare Fund. The family planning clinic run by the Coal Mines and Common Miners' Welfare Fund should also cover the non-working and village population within their respective areas. Facilities provided by the Fund should supplement the services provided by the State Governments.

289. In order that realistic programme suited to local situation is developed and all available resources are mobilised to the maximum, there is need to develop the health and family planning services in coordinated manner.

290. The impact of motivational work amongst rural and agricultural labour should be periodically assessed not only for the rural community as a whole but also for the different groups in the country. This will give a clearer indication as to which are the groups which have not been favourably responding to family planning programme in rural India. Such groups would need more

intensive attention by the rural organisations as well as by the State Governments.

291. The assistance of Panchaya'ts and local leaders should also be utilised extensively specially in rural India to educate agricultural and rural labour to adopt the norm of small family size.

292. Measures of social policy need further inquiry but even at present social climate should be created to increase the age of marriage of girls and liberalisation of abortion and the need for legislative measures should be considered.

293. Cooperative and Saving Facilities : Time is now ripe to consider the desirability of implementing the decision of the Standing Labour Committee with regard to legislation for the opening of the fair price shops.

294. The limit of 300 workers laid down under the existing Scheme for opening a fair price shop consumer cooperative store should be progressively reduced so as to cover establishments employing 200 or more workers provided the turnover of the fair price shops/consumer cooperative stores, is adequate and workers do not get regular and cheap supplies of essential items of daily use from other well-organised private shops which may be located in the vicinity of the establishment and are run on competitive basis or can be controlled by the employers.

295. Instead of opening these stores in the precincts of industrial establishments, fair price shops/consumer co-operative stores, especially in the case of Metropolitan and other large cities, may be opened in residential areas if the workers' housing colonies have come up and which are away from the main urban setting, fair price shops may be set up by individual establishments or by a number of establishments jointly where workers of these establishments reside in a colony.

296. In order to popularise the fair price shops/consumers' co-operative stores, State Governments should take effective steps including taking assistance from Central Government to ensure regular and adequate supplies of essential articles of food-grains to these institutions.

297. The cooperative credit societies have not been formed to a perceptible extent in industrial establishments. It is, therefore, necessary that considerable attention should be paid to the propagation of this movement among industrial employers and workers.

298. The employers should encourage the formation of such cooperative societies in their establishments. It is hoped that it would be found possible by all such managements who employ 200 or more workers to have such credit societies in their establishments.

299. Legislation is not necessary to compel employers to provide funds to meet expenditure on

furniture, accommodation, staff, etc., of the cooperative credit societies. It is hoped that the managements would provide such facilities on their own.

300. The number of persons seeking loans from co-operative credit societies is much larger than the number of persons who invest money either in share or in compulsory or voluntary deposits with cooperative credit societies. Managements may help such societies in initial stages by giving advances at normal rates of interest for long period.

301. Excessive restrictions should be relaxed in order to encourage members to invest any amount of money in shares and thereby increase the capital base of cooperative credit societies.

302. In order to enable large number of workers to participate in the share capital of the co-operative credit societies, workers may, wherever necessary, be allowed to pay share money in instalments as provided in the Cooperative Societies Act.

303. The Central and State Governments should take suitable steps to remove this handicap and propagate amongst industrial workers the utility and need for not only forming such societies but also running them well. This could be achieved in a number of ways, namely; by holding seminars and also by arranging study tours of workers drawn from good cooperative credit societies functioning in different parts of the country.

304. Distress Relief and Cash Benefits : Wherever facilities in respect of Distress Relief and Cash Benefits do not exist, employers and employees concerned should work out a mutually acceptable formula for providing such benefits to the workers.

305. The State Labour Welfare Boards, when set up, should also earmark a portion of their funds for giving assistance to small employers as grants for distress relief to their workers. This will be in addition to the contribution that the employees would themselves make. This will apply to establishments employing 50 or less workers.

306. Educational Facilities : There should be an all-out effort to eradicate illiteracy with the least possible delay, and all agencies in the field i.e., State employees' and workers' organisations should coordinate their efforts to achieve this solemn objective.

307. The problems of adult education and eradication of illiteracy being stupendous, it should be entrusted to a separate body altogether.

308. The Scheme which steers clear of all discriminations and yet provides necessary incentives to workers for adult education is favoured. The details of such incentives can be left to the autonomous agency which may be set up for the purpose.

309. The recommendations of the Panel of Experts



on Literacy among Industrial Workers set up by the Planning Commission in 1964 regarding the eradication of illiteracy amongst workers and their families be implemented with a view to obtaining the envisaged objectives.

310. State Governments must come forward to open more schools in areas of industrial concentrations and they should also consider the possibility of relaxing their rules even at places where the number of students fall below the minimum number prescribed for the opening of such schools.

311. Where provision of educational facilities is the statutory responsibility of the employers to their employees, the educational cess so collected from the concerned areas should be reimbursed to those establishments to enable them to enhance their educational facilities.

312. It would lead to better men-management relationship if industrial establishments take more effective and sustained interest in encouraging workers' children to enhance their educational attainments.

313. Creation of a Welfare Fund would go a long way and also augment the resources of the employers in providing educational facilities to workers' children. The Fund and employers can pool their resources together to provide adequate educational facilities for workers' children.

314. As the schools are primarily for the benefit of the children of the workers' the Trade Unions should also actively participate in the efficient running of these institutions.

315. The State Governments should formulate an integrated plan to provide primary and secondary educational facilities, wherever any dispersal of industries is contemplated by the State Governments. Where these institutions cannot be opened, the State should run subsidised transport services for the benefit of the workers' children to enable them to avail of these educational facilities adequately. The employers should also consider the possibility of providing these facilities voluntarily.

316. **Retiral Benefits :** Gratuity has been universally recognised as an essential element of labour welfare. However, in practice, it lacks uniformity. Neither the employers discretion nor agreements nor even awards have resulted in evolving any norms or uniform basis for payment of gratuity. It is necessary that in this context norms should be laid down at the National level. This could only be done through legislation. For this an All-India Enabling Legislation be introduced to ensure that all industrial workers receive the Retiral Benefits of gratuity.

317. While computing the quantum of gratuity the element of dearness allowance should also be taken into

consideration along with basic wages.

318. Both gratuity and old age pension should not be universalised in the present context of Indian economy in view of burden that the industry has to bear for variety of reasons. Keeping in view the conditions of an Indian worker who stands in need of a lump sum amount at the time of retirement, gratuity is a better retiral benefit than the old age pension. However, the possibility of granting old age pension cannot be ruled out. Such concerns as are already giving old age pension should continue to do so.

319. The Employees' Provident Fund Act, 1952 at present is applicable to such establishments employing 20 persons and having 5 years' standing or employing 50 or more persons and having 3 years' standing be extended progressively to cover all workers irrespective of the size of undertaking and nature of industry.

#### **Welfare Amenities For Workers In Small Scale And Cottage Industries**

320. **Bidi Industry :** The finances for providing welfare amenities to Bidi workers, should be organised by levy of a cess of 5 paise per thousand Bidis.

321. Provision of welfare amenities to Bidi and Cigar workers should be administered by the Statutory Labour Welfare Boards.

322. **Coir Industry :** The finances needed for the execution of welfare schemes should consist of : (a) levy of a cess on 25 paise per thousand retted husks and on finished coir products; and (b) suitable grants from the Central and State Governments.

323. **Fishing Industry :** Fishing is one of the important industries in India. The importance of welfare has been recognised by the coastal States and different Schemes evolved but they hardly touch the fringe of the problem and even the schemes which have been evolved do not go far. A lead should be taken in the matter by the Ministry of Agriculture at the Centre who should in consultation and co-operation with State Governments evolve model rules or lay down guidelines for different States to follow in the field of welfare amenities and also for enabling cooperative societies to take greater interest in the provision and administration of welfare amenities. There could be a Central Legislation on the pattern of other Central Legislations with powers to enable the States to frame scheme and rules thereunder suiting local conditions and requirements at places wherever there is deep fishing through high powered boats employing sizeable number of fishermen.

324. The Central as well as the State Governments should earmark a part of Plan funds for provision and development of welfare amenities to fishermen. To augment these funds, it is desired that a nominal cess

either per kg. or per tonne on the fish sold by Cooperative Societies or otherwise be levied by the State Governments. These funds should be administered either by the Department of Fisheries in each State who are directly connected with the development of fisheries so that the welfare programme are integrated with the development programmes. Alternatively welfare amenities to fishermen can also be provided by the statutory Labour Welfare Boards already suggested by us elsewhere in this Report.

325. Salt Industry : A definite and sizeable portion of the cess collected under the Salt Cess Act, 1953 be set apart for the welfare of salt workers. This amount should either be given to an autonomous body which should be created on an all-India basis for providing welfare amenities to salt workers or allocations be made out of this fund to the Statutory Labour Welfare Board.

326. Salt is a Central subject. The Government of India, in consultation with the State Governments, should evolve guidelines for providing the pattern and extent of welfare amenities to salt workers.

327. Leather Industry : Fund should be found by levying a cess on total production of the leather industry or on the wage cost, whichever is easily realisable and can be determined in more precise terms. The State Trading Corporation should make it binding on its dealers that a particular percentage of their profits may be diverted towards the proposed welfare fund.

328. The fund so collected be placed at the disposal of the Statutory Labour Welfare Board.

329. Glass Bangle : Workers employed in glass manufacturing industries be provided with basic minimum welfare amenities. A suitable levy ranging say between 3 to 5 per cent on the total value of production may be imposed. The money so collected may be placed at the disposal of the Statutory Labour Welfare Boards which should arrange to provide basic minimum welfare amenities to workers in this industry.

330. Provision of statutory welfare amenities to glass workers as are employed in establishments covered under the Factories Act should be ensured by proper and effective enforcement of the obligations of the employer.

331. Cashewnut Industry : Some agency has to be created which should provide non-statutory welfare amenities to cover establishments and statutory as well as non-statutory welfare amenities to such factories as are not covered by Factories Act. This Statutory Labour Welfare Boards proposed to be set up in each State should be entrusted with the responsibility of providing welfare amenities. In order to enable them to augment the sources for providing amenities to the workers a cess at the rate of Rs. 2 be imposed in every

case of cashewnut exported from India.

332. To augment these resources some plan allocation may also be made annually from the plan funds to enable the welfare boards to undertake the activities for cashew workers.

333. Industrial Estates : Wherever there is a sizeable concentration of small units, capital cost of welfare amenities like canteens, etc., be borne by the State or by the authority concerned which organises the estates, and these amenities be run on cooperative lines. Appropriate governments be empowered to permit the establishment of Joint Welfare Schemes for smaller points located in a compact area/industrial estates.

334. Housing programme should be considered as part of the industrial estates project itself. Land for building the workers' houses near the estates may be developed and allotted to tenant, employers or workers' cooperative housing societies.

335. Progressive Extension of E.P.F. Act, 1952 : The Employees' Provident Fund Act, 1952 be extended progressively to cover all workers irrespective of the size of undertaking and nature of industry. For achieving this target, the existing limits with regard to number of workers and standing of establishments may be brought down progressively to cover all establishments irrespective of the size of the industry.

336. Extension of E.S.I. Act, 1948 : The need to cover such establishments as employ five or more workers has been accepted by the E.S.I. Review Committee. The E.S.I. Corporation should take steps to ensure that this target is achieved expeditiously.

337. Time has come when the Government of India, in consultation with State Governments, have got to evolve a blue print for laying down guidelines for the provisions of the nature and extent of welfare amenities which must be provided to workers in the unorganised sector of industries. The administrative and financial difficulties are prima facie bound to be many. We are confident that if the Government of Maharashtra could bring on the anvil of legislation a comprehensive enactment even for the unprotected and self-employed categories of workers involving loading and unloading operations, it is not difficult to bring into being a new enabling legislation to provide welfare measures for millions of workers working in unorganised industries and to find finances for the same. It is necessary that such a vital issue should be thoroughly gone into a group of experts to work out the feasible projects of welfare amenities.

338. Statutory Welfare Funds : The importance of constituting the welfare funds for workers in other mining industries like manganese, dolomite, limestone, etc., has been recognised by the Planning Commission. At present welfare ameni-

ties have been provided only in respect of Coal, mica and iron ore workers. With a view to removing this disparity so far amenities for mining workers (other than coal, mica and iron ore mine workers) are concerned, the Committee on careful examination of the issues involved decided to recommend constituting of a General Miners' Welfare Fund for welfare of miners engaged in other mineral.

339. Keeping in view the difficulty in organising industry-wise labour welfare funds and the cost of administering such welfare funds (if constituted on industry-wise basis), it would be better if one co-ordinated agency at the State level, is entrusted with the responsibility of administering a welfare fund and for implementing a welfare plan (which may be laid down in the law) for facilities and amenities other than those provided for in the Factories Act, 1948 and the Plantations Labour Act, 1951 for workers of factory establishments outside factory premises as well as for such plantation labour as are not covered by the Plantations Labour Act, 1951, both inside and outside the Plantations.

340. The Welfare Centres should be open to all the workers whether employed in factories or in shops or commercial establishments, and wherever these centres are found to be inadequate vis-a-vis workers requirements, their number should be suitably increased.

341. In order to ensure full utilisation of welfare centres by the workers, tripartite bodies may be constituted for administration of each welfare centre.

342. The sources of finances for welfare funds may be as follows :

- (i) All fines realised from the employers;
- (ii) Fines imposed on employers by courts for continuous default in the implementation of labour laws;
- (iii) Unpaid accumulations ; these include unpaid wages, bonus, gratuity and all other unpaid arrears;
- (iv) Any voluntary donations and contributions;
- (v) Labour Welfare Fund of any establishment duly transferred to Welfare Funds;
- (vi) Grants and subsidies from Central, State Governments, Municipalities and Local Bodies;
- (vii) Any sum borrowed by Welfare Fund.

343. The following method may be adopted to augment the finances of Statutory Welfare Fund :

(i) Suitable tripartite annual contributions, say at the rate of Rs. 2 per head from workers, Rs. 2 per worker from management and Rs. 2 from Government may be raised. The Central Government should pay 50 per cent of the Government's contribution the other 50 per cent being paid by the State Government.

(ii) Organisation of lotteries : The administrative agency of State Labour Welfare Funds should organise lotteries for collecting more funds. The proceeds so collected should be remitted to the welfare funds.

(iii) Celebration of Workers' Welfare day : Workers' Welfare day may be celebrated all over India, and the proceeds collected on the occasion should be credited to the welfare funds.

(iv) The assistance of trade unions be sought for organising dramas, musical concerns exhibitions, carnivals, etc., to raise money for the welfare fund, and the amount so collected be credited to the Statutory Welfare Funds.

344. In order to provide in an organised manner, full welfare needs of workers and their families over and above that has already been provided by the employers, statutory Labour Welfare Boards be set up in each State/Union Territory. These Boards should be tripartite in character and autonomous in nature

345. Since some of the State Governments have already set up Welfare Boards or have enacted legislation for setting up statutory boards, the remaining States should also initiate suitable legislation in the matter. The Central Government may lay down guidelines on such legislation for enabling the concerned States to take initiative in the matter and bring into being suitable legislation at an early date.

346. Maximum utilisation of the funds so collected should reach the beneficiaries and the cost of administering funds should be kept lowest say 5 per cent of the total collection of the funds.

347. It is necessary that guidelines of Welfare amenities and activities to be provided for and organised by the statutory welfare boards be laid down. The activities may be broadly classified as follows :

- (i) Community and social education centres including reading rooms and libraries ;
- (ii) community necessities ;
- (iii) games, sports and other programmes of physical fitness ;
- (iv) excursions, tours and holiday homes ;
- (v) entertainment and other forms of recreation ;
- (vi) home industries and subsidiary occupations for women and unemployed workers ;
- (vii) corporate activities of a social nature ; and
- (viii) such other activities as would, in the opinion of the State Government improve the standards of living and promote health, family planning and social conditions of labour.

348. Constitution of Statutory Welfare Boards in each State will go a long way in giving healthy diversions to the monotonous life of industrial workers and in filling a long felt vacuum in the life of their family members.

349. Role of Welfare Officer : With the growth of the Personnel Departments in the industrial undertakings one of the officers of the Personnel Department can be deputed to look after the functions usually per-

formed by the welfare officer.

350. One of the basic functions of officers of a Personnel Department is to know and understand, in all its ramifications, the nature and problems of the industrial psychology. It is, therefore, necessary that the Personnel Department must be staffed with the persons who have proper aptitude and qualifications for the jobs which they are expected to perform.

351. The statutory provisions for the appointment of a welfare officer in factories, mines and plantations, were made to ensure that the managements appointed a person exclusively to look after welfare needs of their workers and also to help them in discharging their statutory obligations for implementation of statutory welfare measures. With the growing realisation of the need, place and role of welfare amenities, not only in the maintenance of happy industrial relations but also in the enhancement of productive capacity of workers, by the employers themselves, it no longer seems necessary to appoint a welfare officer solely for the purpose of looking after welfare activities. Such Officer we feel, can be a part and parcel of the Personnel Department of the management. However, in order to ensure that the welfare amenities, statutory or otherwise, are provided and organised properly, the Committee recommends that managements should designate one of the existing officers of their Personnel Departments as Welfare Officer to fulfil the purpose of the law. The Committee further recommends that the managements should ensure that only such officers of the Personnel Departments are designated to look after the welfare activities as are properly qualified to hold these posts and have aptitude for welfare work.

352. Yoga and Nature Cure : (i) The Government of India in consultation with the public sector undertakings, leading employers' and workers' organisations, should evolve a plan for encouragement of Yoga on a pilot basis to State with in certain selected centres in the country ;

(ii) Financial assistance should be given from plan allocations by the Labour Departments of States/Union Territories to such employers' and workers' organisations as are willing to organise Yoga classes ;

(iii) In all States, bodies to impart training and education on Yoga should be set up. In the Ministry of Health and Family Planning, Works, Housing and Urban Development a special cell should be set up to coordinate the activities of the State bodies and provide necessary guidance as well as financial assistance on the lines of other medical institutions such as Ayurvedic, Unani and Homeopathy etc ;

(iv) The proposed cell in the Ministry of Health and Family Planning Works Housing and Urban Development should also undertake the work relating

to collection of information and coordination of the existing research being done in the field of Yoga by various institutions, organisation etc., and also lay down suitable syllabus for the guidance of Yogic education.

353. Yoga and Nature Cure : Nature Cure should be widely propagated and its methods be administered for the benefit of the general population, specially of the working class, in certain selected centres all over the country with plan funds.

354. The proposed General Miners' Welfare Fund, right from the beginning, should give active and effective importance to the Nature Cure to popularise it amongst the workers employed in mining establishments.

355. Effective steps should be undertaken to integrate Yoga and Nature Cure systems of treatments with the medical and health care programme of all industrial establishments as well as of the primary health centres in rural areas for the benefit of rural and agricultural labour as well. Centres for Nature Cure and Yoga should also be established at various sanatoria and health resorts that have been already opened in the country and that may also be opened in future.

356. The Ministry of Health, and Family Planning, Works Housing and Urban Development should lay down broad guidelines for Nature Cure in the curricula of medical institutes; create a special cell for guiding and coordinating research work in Nature Cure all over the country and give financial and other supports to such institutions as undertake to provide medical and health care programme through Yoga and Nature Cure.

357. Problems of Handicapped and Disabled Workers : The cash compensation provided to workers under various labour laws is not sufficient for the workers and their dependents in the event of any disablement. Therefore, there is a need to have special welfare measures for them.

358. There should be well thought of comprehensive training schemes and proper placement of the disabled persons

359. Handicapped persons should be properly trained and assisted to enable them to secure gainful employment. In order to enable these handicapped and disabled persons to be absorbed in various jobs it is necessary that a net work of training institutes and placement service for trained handicapped personnel should be provided by the State Governments Adequate grants-in-aid should be given to such institute/societies as may run vocational training courses for handicapped persons.

360 As a result of State Governments' efforts handicapped persons are being rehabilitated to some extent. These efforts should intensively be followed by the State Governments and employers may be persuaded

to accept more and more disabled persons keeping in view the jobs that they can do.

361. The Government of India and the various State Governments should conduct survey of the existing plants/factories/mines/commercial firms, etc., and identify jobs which may be performed by handicapped and disabled workers. On the basis of the survey and scientific evaluation a list of operations that can be performed by handicapped workers should be given wide publicity for the guidance of employers.

362. Sheltered workshops for the benefit of handicapped persons should be set up at or near the important industrial centres of the country. Facilities

for training of handicapped persons at these centres should be provided. The disabled persons should be ensured minimum wages.

363. Accidents which render workers physically disabled or handicapped, are a part of industrial activity and production of wealth. It is time that the Society which benefits from the production of wealth and economic activity should take care of the unfortunate victims of complicated and processes of production. Besides the State, social and philanthropic organisation could also play and increasingly greater role in training and rehabilitation of these persons.

## COMMITTEE ON SHORTFALL IN GENERATION DURING THIRD FIVE YEAR PLAN, 1966—REPORT

New Delhi, Ministry of Irrigation & Power, 1970. 149p.+Plates.

Chairman : Shri K.P.S. Nair.

Members : Shri B.C. Gangopadhyay; Shri K.M. Chinappa; Shri H.R. Rao; Shri P.M. Mani.

Secretary : Shri A.K. Ghose.

### APPOINTMENT

The Committee on Shortfall in Generation During Third Five Year Plan, 1966 was constituted under the Ministry of Irrigation and Power, vide their No. 32 (36)/66-E2-1 dated August 11, 1966.

### TERMS OF REFERENCE

(i) To examine the reasons for delays in the implementation of thermal and hydro-electrical projects in the Third Plan.

(ii) To suggest measures—

(i) To accelerate work of planning, preparation of designs, construction of civil and ancillary works, erection, testing and commissioning of equipment, etc.

(ii) To ensure timely procurement of materials and equipment—simplification of procedures thereof.

(iii) To indicate the extent of coordination required to be done by the Central Agencies, such as CW & PC, Ministry of Irrigation and Power, etc.

### CONTENTS

Introduction ; Collection and Compilation of Data ; Analysis of Project Implementation ; Areas of Delays ;

Recommendations ; Time Schedule and Model Programme ; Prospects of the Fourth Plan ; Guidelines for Future Planning ; Summary of Recommendations ; Acknowledgement ; Appendices.

### RECOMMENDATIONS

Greater importance should be attached to adequate and comprehensive investigations in preparation of project reports. No project should be sanctioned unless all the relevant aspects have been duly investigated and the pre-requisites for implementation of the project have been met.

The proforma guidelines as prepared by the Planning Commission for project reports should be reviewed and amended as necessary by Central Water and Power Commission to make it suitable for Thermal and Hydro-projects and circulated to all State authorities.

Work on investigation should be undertaken sufficiently in advance to ensure that the projects are fully investigated before they are considered for inclusion in any particular plan.

For purposes of planning, the investigation work for a thermal project should be commenced at least 6-1/2 years in advance of the target commissioning date ; for hydro-projects this should be commenced 8 to 10 years in advance.

Investigations of projects should be continuously carried out and adequate funds should be made avail-

able plan wise. Specifically for this purpose so that adequate number of economic projects can be kept ready for implementation at the time of formulating the Plan. The State authorities should arrange accordingly.

The investigation work for the Hydro Schemes being much more extensive in nature should be placed under a senior engineer. In case of very large and Inter-State projects a greater degree of collaboration between Centre and States is needed and the Central Government may take initiative in this matter.

A Master Plan for Hydro and Thermal projects on the basis of the total resources available in this country is to be worked out and it would be necessary for the CW & PC to take initiative and maintain a close liaison with the States during investigation and preparation of Master Plans.

The time required for scrutiny and approving a project by the Technical Advisory Committee should be minimised. This will be achieved if the Scheme has been fully investigated and adequate details furnished in the project report. The second reference to the Ministry of Finance for projects costing more than 5 crore rupees after they are cleared by Technical Advisory Committee could be obviated with advantage.

The foreign exchange sources should be firmly tied up for each project without a large time lag after the project has been formally approved. Foreign exchange for each approved project should be issued before implementation is taken up.

The purchase procedure should be streamlined. All purchase actions for the project should be taken directly by the Project Authorities/State Electricity Boards.

As soon as availability and source of foreign exchange have been formally confirmed and its release agreed to by the Ministry of Finance for any particular project, for which advance intimation can be furnished to them, the Ministry of Irrigation and Power should satisfy themselves as to the need and propriety of imports and should have authority to release the foreign exchange without further reference to the Ministry of Finance.

Examination by DGTD from indigenous angle should be waived if :

(a) There is no tender from indigenous manufacturers,

( ) The price of indigenous equipment is higher than the landed cost of imported equipment plus 15 per cent or such other percentages as may be fixed by the Government of India from time to time and the saving is substantial ; and

(c) The delivery of indigenous equipment does not suit the project construction schedule.

The foreign exchange for replacement against loss in transit and/or transport damages should be promptly

allotted by the Ministry of Finance against formal requests received from project authorities pending settlement with the Insurance Company.

Standardisation to the extent possible in the field of layout, civil design, auxiliary plant and common facilities should be fully explored.

The scheduling and programming for completion of the project should be carried out sufficiently in detail and in advance. For this purpose the programme evaluation and review technique (PERT) which clearly indicates inter-action of the various activities and their durations should be adopted as a rule by all project authorities.

Each project should own a limited number of construction plants and machinery to supplement the work of the contractor as found necessary in field construction.

A separate Planning Coordination and Progress Cell placed under the charge of a Senior Officer directly responsible to the head of the Technical organisation should be created under each project. This cell should also have the services of a customs clearance and transport officer. The Planning and Progress Directorate under the CW & PC should be appropriately equipped to watch and follow the progress of each project in greater details than hitherto and render active assistance in removing hold-ups at all stages of the project work.

The order of priority for the indigenous units being allocated to Fourth Plan Projects should be firmly and finally studied and the decision formally communicated to the concerned project authorities by Ministry of Irrigation and Power, Central Water and Power Commission.

The outlay of the Fourth Plan on power projects should be finally fixed and the Ministry of Irrigation and Power should ensure that adequate funds are provided for each project.

The detailed technical specification for the indigenous power units (boiler and steam turbogenerator or hydro units) should be finalised without further delay and formal orders placed on Indian factories so as to enable them to plan their manufacturing programme.

Foreign exchange for the balancing items should be tied up and the source communicated to the authorities concerned within a period not exceeding 6-9 months from date. For Fourth Plan Thermal Projects CW & PC (SEOT) have already submitted details of foreign exchange requirement to Government. Similar action should be taken immediately in respect of hydro projects also.

Adequate provision for suitable rolling stock to move heavy traffic should be made by the Railways, HEL and BHEL. The railways should further provide for adequate number of mobile cranes of suitable capacity for un-

loading at destination.

The Ministry of I and P should constitute small High Powered Committee to review the progress of each project at suitable intervals with a view to remove bottlenecks that may exist or may arise.

The planning for the 5th Plan in respect of Thermal Nuclear and Hydro-Schemes should be initiated forthwith.

Future hydro generation should be planned for

optimum peaking capacity. Pump storage schemes for peaking duty should also be planned at appropriate locations.

A close scrutiny of the status of the projects included in any plan should be made before formulation of any Five Year Plan with a view to fixing a realistic target which would reasonably be expected to be achieved.

## **ADMINISTRATIVE REFORMS COMMISSION, STUDY TEAM ON RELATIONS BETWEEN THE PRESS AND THE ADMINISTRATION, 1966—REPORT**

New Delhi, Administrative Reforms Commission, 1966. 120p.  
(mimeographed).

Chairman : Shri K. Santhanam.

Members : Shri A.D. Mani; Shri A.C. Banerjee; Shri K. Narendra; Shri Binod Rao.

Secretary : Dr. A.R. Baji (replaced by Shri G. Trivedi).

### **APPOINTMENT**

The Administration Reforms Commission appointed the Study Team on Relations between the Press and the Administration on August 19, 1966.

### **TERMS OF REFERENCE**

The Study Team will, in regard to the subject allocated to it, ascertain facts, locate the principal problem areas, examine solutions for the problems and suggest such of them as they would recommend for the Commission's consideration.

### **CONTENTS**

Introductory; Scope of the Study Team; The Background; Press Laws during British Rule; The Role of the Press in Democracy; The Freedom of the Press; Press Information Bureau; Special Units; Relations between Press and Administration in the States/Union Territories; Contacts between the Press and the Government; News Agencies, News Photo Services and Press Organisations; Advertising; The Press Council and the Code of Conduct; Miscellaneous; Conclusions; Summary of Observations and Conclusions; Schedule; List

of Major Headings.

### **RECOMMENDATIONS**

#### **The Role Of The Press In Democracy**

The Press is the most important mass medium of communication in modern civilization.

In a democracy, the Press wields influence almost equal to that of Government. It is expected to be impartial and objective in its interpretation, criticism, evaluation, etc. While papers can be expected to be biased in one way or another, a free competition amongst them would naturally lead them to give correct news, objective and comments.

The Press constitutes the most widespread, far reaching and continuous agency for political education of the people. Even though radio and television have emerged as its competitors, the Press continues to be the most important medium. Radio and television have, however, affected the press economy in some countries.

Foreign rule slowed the growth of the Indian Press; even so, its influence today is comparable to that of the Press in any other country. The circulation and influence of newspapers are bound to increase during the next few decades.

The bulk of expansion will be held in the language papers and they will increasingly more public opinion in India.

It is important that the press should grow and



function under conditions in which its increasing influence is healthy and constructive.

The essential conditions for such growth are : (i) freedom, (ii) recognition on all hands that a responsible and alert Press is a powerful instrument for democracy, efficiency, and integrity, (iii) competition, (iv) proper code of conduct, (v) machinery for observance of the code and conventions, and (vi) higher education, training and better service conditions for all working journalists.

### The Freedom Of The Press

Freedom of the Press, essentially a constitutional and legal issue, has been dealt with in detail in the Press Commission's Report.

Article 19 (i) of the Indian Constitution guarantees freedom of the Press with certain limitations. Any legislation affecting the freedom of the Press should be passed only in consultation with the Press Council.

The Indian Press can be said to be legally as free as the Press in USA, UK or any other democratic country. Now that the Press Council has been set up, a convention should be developed that no Press legislation will be passed without consulting the Press Council.

The Defence of India Rules seek to curtail drastically the freedom of the Press.

It appears that almost no action has been taken against newspapers under Defence of India Rules.

The Press has offered all cooperation to the Government in the context of the Emergency.

It is essential that the Press should not become the instrument of big vested interests tending towards monopolistic control.

The needs of small newspapers and particularly those of the Indian language require to be given more attention by the Information Officers. The Information Officers should be in close touch with the editors and correspondents within their own jurisdiction and summon a meeting of newspaper's representatives as and when desired to ascertain their needs and try to help them. The material supplied to the Press by the Bureau should be brief and well-written. The photographic section of P.I.B. should not be used as an instrument of personal publicity for Ministers. The work of P.I.B. should not cover minor aspects as the Administration which could be left to the enterprising newspaper correspondents to deal with.

### Special Units

It is stated that the special requirements of the Ministries of Defence, Railways, Food and Agriculture and the Planning Commission necessitated certain variations from the pattern of the normal working of the information services. Their Director/Joint Director/Adviser

are drafted from the Central Information Service, but have the supporting staff either from their own departments or from the C.I.S.

Likewise, the External Publicity Division of the Ministry of External Affairs has to depend heavily on the services of the Ministry of I & B, particularly those of the P.I.B. Besides, Information Service of the External Affairs Ministry is treated as a non-specialised general service. It is, therefore, essential that Information Officers of the Ministry of External Affairs should belong to the C.I.S. Such a merger would help project India's image abroad in a manner more effective than has been done hitherto. It will also enable the Information Officers working at present in C.I.S. to have an opportunity, when posted abroad, to study the technique of Information Services in other countries.

### Relations Between Press And Administration In The States/Union Territories

Generally, it is the Public Relations/Information Publicity Department in the States which keeps liaison with the Press. However, in certain States, some other departments too, have their own PROs for the purpose. It is unnecessary duplication of personnel and consequent waste of funds.

The norm of working of the Department is almost the same in all the States ; that is, issuing Press notes and background material ; countering wrong or misleading information or comments appearing in the Press ; extending accreditation and transport facilities ; carrying out conducted tours ; briefing the Press and arranging Press Conferences. Some special facilities for correspondents of more important papers also exist in certain States. In Punjab, they get residential accommodation on concessional rates ; in Kerala, they are entitled to travel free by vehicles operated by the Kerala Road Transport Corporation.

There are no uniform standards for accreditation of journalists in all the States. The States of Bihar and Andhra Pradesh are more liberal in the matter, whereas Maharashtra is rather too discriminating. Accreditation Committees generally function under the Chairmanship of the DPR.

Accredited correspondents have direct access to Ministers and officials, besides being invited to Press Conferences and briefed for special occasions. Press Rooms function only in a few States.

Administration renders some financial assistance to the Press, either by subscribing to the services of news agencies or by purchasing a number of copies of some newspapers and periodicals or by issuing government advertisement. Policies, attitudes, circulation figures, etc., are reviewed before issuing advertisements. We consider it just and reasonable that bulk of advertise-

ments are issued to the language Press of the Particular region.

Two-way traffic is maintained between the Press and Administration by the Public Relations/Information/Publicity Departments in almost all the States. Press Clippings are maintained for the purpose and comments affecting a particular Minister/Department are communicated to him/it and contradiction issued when necessary. The State of Nagaland finds difficulty in contradicting wrong news, as no correspondent is stationed in Kohima. Research and Reference Cells are functioning in some States.

An All India Service for information personnel is not feasible as the Information Officers in the States deal mainly with the regional language Press.

The 19 Regional/Branch Officer of the P.I.B. spread out over important towns and cities of the country, scrutinise important language newspapers of their area and send to the headquarters comments appearing in them. They also see that the papers do not breach DIR and watch their regular appearance.

As the officials of the PIB in the Regional/Branch Offices also feed the local Press, no hard and fast line can be drawn between the activities of the P.I.B. and the Public Relations Department. Some overlapping is also unavoidable. However, the State Officials could mitigate fears of the Central officials by making more liberal offer of transport and other facilities whenever dignitaries from outside the State visit the area.

### **Contracts Between Press And Government**

Modern government activities constitute important news published by the newspapers from day to day. There is need for recognised means of contract between the Press and Government and correspondents and reporters perform this function.

News from External Affairs and Defence Ministries is reported to be occasionally appearing in foreign papers when it has been denied to Indian correspondents. We are of the opinion that there should be no discrimination though foreign correspondents may require special briefing in respect of developments in India.

During important functions and celebrations, Governments concerned should supply a badge or a special token for accredited correspondents.

No Minister should establish special relations with a particular correspondent or newspaper. Correspondents should see officers only in their offices and Secretaries and other high officials should meet press correspondents ordinarily during the last hour of the official day.

### **News Agencies, News Photo Services And Press Organisations**

A News Agency's reporting should be speedy, objective and accurate. It should have no economic or political policy. Government should give news agencies full freedom to operate.

Government's policy is to protect the news agencies from the competition of strong news agencies in other countries. Foreign news agencies have to circulate news in India through an Indian news agency.

A considerable proportion of the unsolicited news service by the government is not generally used by the newspapers.

Press organisations should be left free from any governmental interference. Government should also refrain from legislative interference except when the parties concerned are in agreement or when there is imperative need to prevent obvious injustice or exploitation.

### **Advertisements**

In India generally the small newspapers have to depend on government advertising, the government cannot proceed on purely Business principles.

The policy of the Ministry of Information and Broadcasting is to release governments' advertisements to newspapers and periodicals in such a way as to ensure the widest possible coverage within the funds available. The object in view is to reach the masses in all walks of life. In selecting newspapers and periodicals attention is paid to circulation, class of readership, journalistic ethics and production standards.

An increasing use of Indian language papers for display and classified advertisements is being made both in respect of number of papers used and the space taken in them. Small newspapers are also being given government advertisements in increasing quantities.

It is necessary that in the matter of advertisements the Indian language newspapers should be given a better deal. The importance of small newspapers, particularly the district newspapers, in promoting mass campaigns should be recognised. Care should be taken that no small newspaper becomes unduly dependent on government advertisements. Political discrimination should be avoided.

### **The Press Council And The Code Of Conduct**

The Press Council has been set up following the recommendations of the Press Commission.

The objectives of the Council are to preserve the freedom of the Press and maintain and improve the standards of newspapers in India.

A more important function of the Council is to

evolve a code of good conduct for all newspapers.

### Miscellaneous

Instead of submitting a bulky volume of newspaper clippings containing the opinion and criticisms of newspapers, an Information Officer should submit to the Minister or Secretary only serious criticisms and important suggestions. It should be the duty of the Minister/Secretary to issue refutations, if any, in public interest without entering into public controversy.

An ambiguous state of affairs marks at present the relations of the Press with the Legislature and the Judiciary. Precise legal definitions of the offence of contempt of Legislatures and court are needed. If no such legislative clarification is possible, an attempt should be made by the Press Council to define the rights and limits of the Press in consultation with the Government, the Presiding Officers of Parliament and the Chief Justice of the Supreme Court.

It is worth considering whether the law of libel should apply to newsmen in the same way as it applied to private individuals. The complex and dilatory judicial procedure in this regard has also to be looked into. These matters may be referred to the Law Commission for careful consideration.

Duplicate arrangements for publicity in connection with the ordinary visits of Central Ministers should be avoided.

Some of the witnesses were of opinion that a large number of publications by the Central and State Governments are not informative and these constitute an unnecessary burden on the public exchequer. We have not been able to go into this question at length. An outside authority competent to advise the Government on the matter should be set up to examine the scope, cost and utility of government publications.

As the plans and activities of the Central and State Governments constitute an indivisible whole, ordinary publicity can not be separated and entrusted to a special agency. Probably the best way to make available to the people, the objective analysis and assessment of particular projects under the plan is to get special signed articles written by experts in Planning Commission and others and make systematic arrangements for their publications in small newspapers. The Planning Commission will have to pay lump sum to those which undertake to publish all such articles on the Plan.

### The Freedom Of The Press

All the State Governments should pass acts modelled on the Parliamentary Proceedings (Protection of Publications) Act 1956 without any further delay.

The Government of India should declare its determination that no press law will be introduced or

passed without consulting the Press Council or against its advice.

The Press will feel secure if the proclamation (of emergency) is revoked and the Defence of India Act and Rules repealed.

It should be the constant aim of the Government to lift as early as possible all restrictions which tend in any way to curb the growth of the Indian Press. The Government should encourage the indigenous production of newsprint, printing machinery and other allied material.

The small newspapers should be helped by provision of credit facilities, rebate on Customs Duty, Government advertisements, etc., but these measures should not be used in any way of influence the policies of the papers.

### Press Information Bureau

The present structure and functioning of the P.I.B. require some radical changes. The Information Officer should be attached to a Ministry for a sufficient long period to know its working thoroughly.

At present there are seven grades in the Central Information Service : (a) There should be only two grades; Junior Grades Rs. 350-1250 and Senior grade Rs. 1300-2250, (b) The Service should be treated as a professional one, (c) The Information Officer attached to a Ministry should have the status of a Deputy Secretary and he should be the its real spokesman, (d) The assessment report of the Information Officers should be written by the Secretaries of the Ministries to which they are attached.

The Principle Information Officer should be present at the Cabinet Meetings and he should be responsible for releasing Cabinet decisions to the Press.

The Secretary and the Deputy Secretaries in the Ministry of Information and Broadcasting, who are not dealing with financial matters, should be drawn from the Central Information Service.

The basic qualification for recruitment at the lowest level in CIS should be, besides a degree, actual experience in journalism or a degree/diploma in the course of Journalism from a recognised institution.

A certain percentages of officers in both the junior and senior grades should be drawn from the professional or distinguished writers be appointed for short terms, say 5 years, on contract.

### Special Units

The publicity set-up in Ministries like Commerce, Industry, Transport and Aviation, Communication should be on the lines of the Ministries of Railways, Defence and Food and Agriculture.

The publicity of the External Affairs Ministry has

been criticised the most. The Information Officers of the External Affairs Ministry working within or outside the country should belong to the Central Information Service and there should be mutual interchange at periodical intervals. When an Information Officer is for the first time, he should be given special training in posted abroad the history culture and civilisation of India.

### **Relations Between Press And Administration In The States Union Territories**

There should not be any legislative measures to restrict the activities of the Press in cases such as inflammatory or anti-social writings. In such cases, censure through the Press Council backed in extreme cases with social disapproval should be enough to deal with them.

The States, bulk of the Government advertisements should be allotted to language papers.

The Director of Information/Public Relations Departments in the States should be either borrowed from the Central Information Service or from the field of Journalism. The present practice of appointing I.A.S. Officers as the Director should be done away with.

The present status and pay scale of District Public Relations/Information/Publicity Officer should be at least that of a P.C.S. Officer.

Uniform rules should govern extension of facilities to the Press in all the States.

The State Government should impress upon the local police officials to have favourable attitude towards the Press.

### **Contacts Between The Press And The Government**

A small sub-committee of the full Accreditation Committee consisting of the Principal Information Officer one member each of the A.I.N.E.C. and I.F.W.J. may be set up. The full Committee should meet only when any rule has to be released, accreditation cancelled or for similar purposes.

Telephone facilities for newspapers should be further extended and air freight rates reduced.

All correspondents accredited to the Central Government should ipso facto be deemed to be accredited to the State Governments and vice versa.

The representatives of foreign news agencies/papers should be specially briefed to enable them to give a correct picture of the happenings in this country.

Every State Government should give a positive direction to its District Magistrates, Police Officers and other senior officers to provide all facilities to the Press for objective and factual reporting.

The travel and other facilities extended to the corres-

pondents accredited to the Central Government, should be extended to the representatives accredited to the State Governments to enable them to visit the public sector undertakings and institutions within the State.

The State Governments should also provide accommodation facilities as provided to the correspondents accredited to the Central Government.

The Railway and Civil Aviation authorities should, when necessary, give the same priorities to newspapermen as they give to high officials when proceeding on urgent official work.

It would be useful if the Prime Minister and Central Ministers, when they tour the States, include a meeting with the local editors as a normal item of their programme.

### **News Agencies, News Photo Services And Press Organisations**

The Government should not have any financial dealing with the news agencies for the supply of internal news except on a commercial basis.

The Indian News Agencies should be able to appoint their own correspondents in important capitals of the world. The Government should assist financially to these agencies to the extent of 50 per cent of the expenses in maintaining such outstations, correspondents including the charges of transmission of their despatches from abroad.

The Governmental agencies should refrain from entering into the field of operation of the news agencies as far as possible.

The Government should obtain special articles from its experts on payment of usual honorarium and supply these to the small newspapers. The representatives of feature syndicates may be included in conducted tours and provided other facilities available to other correspondents.

The Government should charge for the photographs supplied to prosperous and economically viable newspapers and foreign news agencies. Free supply of photographs should be limited to second and third line papers.

The genuine requirements of the newscameramen should be met. They should be given same facilities as are given to other accredited correspondents.

### **Advertising**

The Directorate of Advertising and Visual Publicity at the Centre and the Directors of Information empowered to issue advertisements should be assisted by an advisory committee consisting of representatives of English and language newspapers as well as representatives of legislatures including the opposition for advice on any modification of the principles governing the issue of

advertisements. The Advisory Committees in the States should include representatives of the district papers.

#### The Press Council And The Code Of Conduct

The Press Council should function as a completely autonomous body. The Council should be assured of financial autonomy by either specific legislative provision prescribing the amount to be paid annually or by conventions that such amount will be settled by mutual consultation. One of the main functions of the Council should be to act as a forum in which the differences between the Government and the Press will be sought to be reconciled without resort to legal action.

#### Miscellaneous

The press clippings should be sorted out and only serious criticism and important suggestions should be submitted to the Minister/Secretary. The Information Officer attached to a Ministry should deal with ordinary complaints, errors and mis-statements.

The Government in consultation with the Press

Council and leading newspapers in every region should be set up, an institute for training journalists in regional languages. It may be considered whether such institutes can function through evening classes so as to benefit those who are actually working in the language newspapers. In the early stages stipends may have to be given for such trainees.

The establishment of common translation and photographic arrangements between the Central and State Governments may be more efficient and economical.

There should be joint consultations between the representatives of the Government and the small and big newspapers, English and regional languages to decide upon the times allotted, rates, charged for commercial advertisements on the All India Radio so that the newspapers are not adversely affected.

The Research and Reference Division of the Ministry of Information and Broadcasting should be strengthened and the Press encouraged to make use of its services to a larger extent.

## STUDY GROUP ON HOSPITALS, 1966—REPORT

New Delhi, Ministry of Health, Family Planning and Urban Development, 1970. 262p.

Chairman : Shri Ajit Prasad Jain.

Members : Dr. M M S. Siddhu ; Dr. C.B. Singh ; Dr. R.V. Sathe (resigned and replaced by Dr. H. Shamasastri) ; Shri Gian Prakash ; Col. R.D. Ayyar ; Dr. C.L. Mukherjee.

Member-

Secretary : Col. R.R. Rao. (replaced by Dr. P. Diesh).

#### APPOINTMENT

The rapid industrialisation of the country and the constant rise in population has brought in its wake a number of medical and public health problems. Complaints are not infrequently voiced about overcrowding in hospitals, and inadequate provision of staff, drugs, linen and other facilities.

A number of Committees previously set up by the Government of India such as the Bhole Committee, the Muddaliar Committee, etc., have gone into the various aspects of hospital services and organisation of medical

services, but none of these had specifically dealt with the special services and facilities, such as, the Central sterilisation services, diet and kitchen facilities, adequacy and system of stocking and issue of the various kinds of drugs, medical record system, mortuaries and other specialised services so important for the efficient management and running of hospitals at various levels.

The time has, therefore, come for undertaking a study of the working of the different classes of hospitals in this country with a view to improving the standards of medical care and developing guide-lines for the future expansion of hospital services in the Country. Accordingly the Government of India in the Ministry of Health and Family Planning constituted a Study Group on Hospitals vide its Resolution No. F. 22-57/64-H dated August 27, 1966.

#### TERMS OF REFERENCE

The Study Group will "take into consideration the findings of previous Committees that have examined

different aspects of hospital administration, sift the material already available in those reports and demarcate the field that needs to be further strengthened. Its recommendations were to be made "with due regard to the financial position and the known insufficiency of manpower". More specifically, the recommendations of the Group were invited on the following :

(i) The future pattern of development of hospital services at the regional, district and peripheral levels in terms of size and facilities to be provided ; the requirements of specialist hospital facilities such as, infectious diseases, tuberculosis, mental diseases, paediatrics, chronic and convalescent home ; and phased programme of development to achieve the recommended targets ;

(ii) Measures required for integrated development of hospital services so that peripheral units like health centres, dispensaries, M.C.H. Centres work in close coordination with the hospital, which sets as the referral centre ; provision of specialist coverage for the peripheral units from the referral hospital ; arrangements providing for regional coverage of the peripheral units and referral hospitals by the teaching hospitals in the region so that two or three districts have the medical college as a final referral centre ;

(iii) Appropriate standard of staffing, drugs, diet linen, etc., for hospitals of various sizes ;

(iv) Provision of hospital pharmacies, Central sterilisation facilities and other services like proper kitchens, mortuaries, medical records system, sanitation and security arrangements, etc. ;

(v) Measures for the augmentation of resources available for medical care facilities, including those of pay clinics, system of graded charges for services rendered, health cess, etc. ;

(vi) Facilities for Family Planning ;

(vii) Any other matter relevant to the object and purpose of the study ;

The following additions to the terms were added later :

"Undertake a review of the working of the Central Government Health Scheme, to evaluate its progress and performance and to make suggestions for improvements and reduction in Government liability".

## CONTENTS

Constitution of the Study Group and its Terms of Reference, Procedures and Methods, etc. ; Historical Backgrounds ; Operational Health Services ; Organisation of Medical facilities ; Primary Health Centre ; Out-patient Department and Emergency Services, Special Hospitals ; Integration of Medical and Health Services ; Staffing Pattern and Requirements of Equipment ; Laboratory and Diagnostic Services ; Ancillary

Services ; Sanitation and Security Arrangements ; Public Relations and Health Education ; Augmentation of Resources ; Family Planning Programme in Hospitals ; Central Government Health Scheme ; Difficult Areas ; Appendices from I to XLIX ; Summary of Recommendations.

## RECOMMENDATIONS

### Organisation Of Medical Facilities

1. In order to develop institutional facilities the following pattern is recommended to be attained by 1971 :

|                        |   |
|------------------------|---|
| Teaching Hospitals     | 500 (to be increased according to the number of students).  |
| District Hospitals     | 200 (may be raised up to 300 beds depending on population). |
| Tehsil/Taluq Hospitals | 50 (may be raised depending on population).                 |
| Primary Health Centres | 6 (may be increased to 10 depending on needs).              |

2. The bed strength of 125 districts which have at least one 200 bedded hospital may be raised to 300 depending on the population served. In the remaining 210 districts hospitals, having less than 200 beds, the strength should be raised to a minimum of 200 beds. Ordinarily the distribution of these beds should be as under :

|  |    |
|--|----|
| Medical  | 60 |
| Surgical                                       | 10 |
| Gynaecology and Obstetrics including Maternity | 35 |
| Paediatrics                                    | 15 |
| Orthopaedics                                   | 5  |
| Eye  | 10 |
| E.N.T.   | 10 |
| Skin   | 5  |
| Emergency                                      | 5  |
| Isolation                                      | 10 |
| Psychiatry                                     | 5  |

3. Since the district hospital is to serve as a referral centre it should provide specialists in Medicine, Surgery, Obstetrics, Gynaecology, Eye, E.N.T. Paediatrics, Dentistry, Psychiatry, and V.D. The T.B. Clinic at the district headquarters, where it exists should work in close liaison with the district hospital and the medical officer of the clinic should work as T.B. specialist to the district hospital.

4. Each of the 947 tehsils/taluqs, which do not have hospitals at present, should be provided with one hospital each with a minimum bed strength of 50. In other tehsils or taluqs, where the bed strength is less than 50, it should be raised to a minimum of 50. The distribution of beds should generally be : Medical—20, Surgical—15, Maternity and Gynaecology—10 and

Isolation—5 beds. The tehsil/taluqs hospital should be provided with three medical officers, one each for the three basic specialities, i.e. Medicine, Surgery and Gynaecology and Obstetrics. The doctor-in-charge of Gynaecology and Obstetrics should preferably be a woman. She can also take charge of Maternity and Child Health work and Family Planning.

5. At Primary Health Centres of the six beds recommended, 4 should be for maternity cases and the bed strength could be raised to ten depending on the needs.

6. The present number of beds viz. 3,18,000 should be raised to 4,20,000 in 1971 and to 6,30,200 beds in 1976, bringing the bed-population ratio from 0.61 per thousand of population as at present to 0.75 in 1971 and one bed per thousand of population by 1976.

7. A regular system of giving liberal grants-in-aid to voluntary and charitable organisations to open new teaching institutions and other institutions for giving medical care and service should be instituted on non-restrictive basis.

8. In order to make full utilisation of the beds available in hospitals/Primary Health Centres, the following measures are suggested :

(a) When a patient no longer needs the specialised medical care of a regional or a district hospital he should be sent back to the tehsil/taluq hospital or the Primary Health Centre nearest to his residence for general treatment;

(b) Convalescent homes may be set up where chronic and incurable patients may stay on nominal payment and in case of indigent persons free of charge;

(c) Medical Inns may be set up in the vicinity of bigger hospitals, preferably by private bodies, where patients and their relatives from mofussil areas may stay on payment during the period of diagnosis ; and

(d) Specialist, laboratory and diagnostic services as recommended by the Group, may be provided soon at smaller hospitals and Primary Health Centres in order to help create a climate of confidence and facilitate the working of referral system.

9. In order to provide specialist services to the people living in rural areas all teaching hospitals should be treated as regional hospitals, each serving a specified area or hinterland covering, if necessary, two to three districts. District hospitals should be developed as full-fledged referral centres.

10. Cases from district hospitals should be referred to teaching hospitals, while cases from Tehsil/taluq hospitals and Primary Health Centres should be referred to District Hospitals. Primary Health Centres should refer cases to their nearest referral hospital. The referring doctor, however, may in serious cases exercise

his discretion and refer the cases to the teaching/special hospitals direct. Cases unless needing hospitalisation or specialised treatment should be referred back to the origination hospitals or Primary Health Centres with proper diagnosis and instructions for further treatment.

11. In difficult areas and in areas where distances are long and means of communication difficult such as hilly districts and difficult areas like Baster, certain tehsil/taluq hospitals should be developed as full fledged referral Centre.

12. Mobile teams of specialists from district and teaching hospitals should visit tehsil/Taluq hospitals and Primary Health Centres at regular intervals to advise the doctors on cases being treated there or for the transfer of cases needing specialist care to referral hospitals.

#### Primary Health Centres

13. The coverage of 80,000 population by a Primary Health Centre is too heavy. In practice the Primary Health Centre does not serve more than 30 to 40 thousand people living within a radius of two to four miles of the main center and sub-centres. It is, therefore, suggested that by the year 1976 at least one of the sub-centres in the Block should be raised to the status of Primary Health Centre.

14. Medical Officers of the Primary Health Centres should be oriented in public health and training facilities for the type of staff needed should be augmented.

15. The lady doctor for the Family Planning work at the Primary Health Centre should always be in addition to the lady medical officer on health side.

16. In appropriate cases, wherever the need exists, the number of beds in the Primary Health Centre may be increased from 6 to 10.

17. Full use of specialists visiting Primary Health Centres at regular intervals should be made and the Primary Health Centre doctor should keep such cases needing specialist treatment in readiness. Ambulance service should also be fully made use of to make the referral service successful.

18. The laboratory technician with a microscope provided at the Primary Health Center under National Malaria Eradication Programme should be utilised to undertake simple tests like stool, urine, blood, etc., of patients attending the Primary Health Centre.

19. The allopathic dispensaries functioning within the jurisdiction of the Primary Health Centre should be continued as hitherto and be treated as sub-centres to the main Primary Health Centre. In Blocks which do not have a Primary Health Centre, one of the existing allopathic dispensaries should be upgraded to the status of the Primary Health Centre and other dispensaries would function as sub-centres.

20. As an incentive to doctors to work in rural



areas the provision of residential accommodation, grant of rural allowance and position by rotation in rural and urban centres should be made a must. Efforts should also be made to improve working conditions at the Primary Health Centres to form a unified cadre of doctors in the State Government Services and to provide regular training facilities to the doctors of the Primary Health Centres preferably at the district hospital.

#### **Out-Patient Department And Emergency Services**

21. The Out-patient Department should be planned to provide services for one per cent of the population of the area to be catered for. It should be located at suitable distance from the indoor wards, and be connected by a corridor to laboratory, X-ray and other diagnostic rooms. In smaller hospitals and others where sufficient accommodation is not available, the O.P.D. may be located on the ground floor and indoor wards on upper floors.

22. The Out-patient Department should be sufficient large so as to avoid congestion. There should be a reception-cum-information counter situated at a prominent and easily accessible place in the Central Registration Hall.

23. In order to help illiterate people coming from rural areas, the Out-patient Department cards issued to patients should be in different colours and if possible the symbols of speciality like Eye, Ear, Nose, X-ray may be printed prominently to identify concerned clinical Department.

24. There should be arrangements, in the vicinity of the hospital, for stay of patients and their attendants seeking admission to hospitals for diagnostic purposes, either free or at nominal charges. Such facilities can be easily provided by charity minded individuals or organisations. Provision of a canteen for patients and their attendants should be also made.

25. While planning Out-patient Department provision for the treatment of at least 10 per cent of the total number of patients expected to attend the Out-patient Department should be made for emergency cases.

26. An Emergency Ward should be added to every hospital where a patient needing emergency service should be admitted at once and kept for 24 hours before being transferred to a regular concerned ward.

27. Ambulance service to bring patients needing emergency service should be provided at for the Out-patient Department.

28. There should be separate doctors and other staff for the Emergency Department and they should work round the clock. Services of other specialists should be available at call. The services of a pathologist and radiologist should immediately be available

to the Emergency Ward. In teaching hospitals there should be a separate set up of these services.

29. The budget for drugs, medicines, instruments, equipment and dressings for the Emergency Department should be kept separate and be at least double of the needs of other corresponding Departments. Buffer stocks of drugs should be kept with the Medical Superintendent to meet the needs of the Emergency Department.

#### **Special Hospitals**

30. To remove disparity in the distribution of special hospitals, preference should be given to the backward States in the matter of establishment of new special hospitals and provision of additional beds in existing institutions.

31. Treatment in special hospitals should be restricted to referred cases and cases which need specialised attention of the highest order.

32. Tuberculosis : There should be no district without having at least one T.B. Clinic with a minimum of 100 beds and those having less than 100 beds should be raised to 100 beds by 1976.

33. Domiciliary treatment of T.B. should be intensified. Admission of patients in T.B. hospitals should be confined to (i) medical emergencies, (ii) surgery cases, (iii) sputum positive cases, and (iv) cases not responding to domiciliary treatment.

34. District Tuberculosis Clinics/Tehsil and District hospitals and T.B. Centres should be in overall control of the Superintendent of the Tehsil/Taluk/District Hospital.

35. Regular supply of anti-tuberculosis drugs to the patients attending the Tuberculosis clinics should be ensured and agency of the basic health worker working at the Primary Health Centres should be utilised to make available drugs to the patients domiciliary.

36. Before the mother is discharged from the hospital the baby should be B.C.G. vaccinated. For this adequate provision of freeze-dried vaccine should be made in maternity hospitals.

37. Mental Hospitals : By 1976 the bed strength for mental cases should be raised to 1 : 15,000. Teaching hospitals should have a psychiatric clinic (Day Hospital) with 30 to 40 beds. District hospital should have a psychiatric clinic with a minimum of 5 beds. Regional mental hospitals should be set up for a group of 8 to 10 contiguous districts. Some of the existing mental hospitals should be raised to the status of regional hospitals by increasing their strength to 300—400 beds. Initially mental cases should be treated in psychiatric clinics before being referred to teaching hospitals or to the mental hospitals.

38. The existing medical colleges should be expanded.

ed to trained adequate number of doctors in mental sciences and teaching hospitals be utilised for training para-medical personnel.

39. The Indian Lunacy Act should be replaced by a suitable Mental Health Legislation.

40. The maternity beds recommended by the Group, namely 70 beds in Teaching Hospitals, 35 in District Hospitals, 10 in Tehsil Hospitals and 4 at each Primary Health Centre have been made on the assumption that only such cases that need hospitalisation, would be admitted in hospitals and ordinary deliveries should be done in the homes of the patients qualified midwives.

41. Facilities and equipment for applying advance practice in the field of obstetrics and for isolation septic from clean cases in labour and for special nursing care to treat cases of toxæmia, tetanus, puerperal psychosis, etc, which are now very much lacking or missing, should be made up.

42. Training facilities for Midwives, Auxiliary Nurse Midwives and for Dais should be made at the District Hospitals. The Dais should also be paid similar stipend during the course of training as to Auxiliary Nurse Midwives.

43. Paediatric Hospitals : There should be one Paediatric hospital in each State attached to one of the medical colleges. This hospital should have, in addition to general section, a number of specialised sections such as Paediatrics Haematology, Endocrinology, Menology, Surgical Paediatrics, Orthopaedic Paediatrics and Dental Services.

44. Cancer Hospitals : The existing four Cancer Hospitals at Bombay, Madras, Calcutta and Delhi should be upgraded to regional centres and operational areas attached to each of them. In addition, two more regional centres be opened one in Madhya Pradesh attached to Bhopal Medical College and another at Varanasi, or at some place in the State of Bihar.

45. Ophthalmic Hospitals : Training of specialists in Ophthalmology and provision of more beds to reach the norms of advanced countries namely, one eye specialist and one ophthalmic bed needed for 10,000 and 5,000 population respectively is an ideal, which should be achieved. The work done by voluntary agencies in certain States in the field of eye relief is appreciated and suitable action be initiated in other places also.

46. Mobile ophthalmic units, manned by the specialists of the district hospital, should hold periodic eye clinics and camps at Primary Hospital Centres. Periodic check up of eye diseases should be included as an important item in the School Health Programme.

47. Treatment for Leprosy Cases : Excellent work done for the control of leprosy by voluntary agencies and International Organisations is appreciated and they

need further encouragement and financial help.

48. Special emphasis should be laid on the detection of leprosy in the School Health Programme for this age group.

49. Leprosy programme should be integrated with the Primary Health Centre and sufficient stocks of sulphones should be maintained at the Primary Health Centres who should obtain the services of a specialist at S.H.T. Centre wherever required.

50. Infectious Diseases Hospitals : The health authorities should take serious notice of the deplorable state of affairs obtaining in Infectious Diseases Hospitals. State Governments should take over the responsibility of running Infectious Diseases Hospitals. In highly endemic areas District Hospitals should have isolation beds where communicable diseases except smallpox be treated.

51. Cities with a population of 5 lakhs or more should have an Infectious Diseases Hospital. Primary Health Centres should provide temporary shelter to Infectious Diseases patients.

52. Dental Treatment : Fully equipped and staffed dental clinics should be set up at the District hospitals where they do not already exist. Besides the dental surgeon, the Dental Clinic should have a dental hygienist and dental mechanic. Dental care of school children should be included in the School Health Service.

53. Convalescent Homes and Rehabilitation Centres : Convalescent Homes should be set up in the vicinity of teaching hospitals for chronic and incurable patients.

54. Facilities for rehabilitation, consisting of Medical, Physical Therapy, Occupational therapy, Speech Therapy and Prosthetic Sections should be set up at each teaching hospital. At least one physiotherapist should be appointed at the District Hospital.

#### Integration Of Medical And Health Services

55. It is suggested that curative and preventive services, Family Planning and Maternity and Child Health work should be integrated from the highest to the lowest operational level under a single administrative authority.

56. There should be one single officer in the District responsible for curative, preventive and family planning work and he be designated as Chief Medical Officer, in place of District Medical Officer. He should have two deputies to assist him— ( ) Deputy Chief Medical Officer (Health) and Deputy Chief Medical Officer (Family Planning and Maternity). The present post of Family Planning Officer may be abolished. The Chief Medical Officer will be ex-officio Medical Superintendent of the District Hospital and all other medical institutions in the District will be under his charge. All Civil Surgeons should be given three months' orientation training in

public health so that they can work effectively as Chief Medical and Health Officers.

57. Medical Officer-in-charge of the Primary Health Centre should be put in full administrative control of the entire health staff and be designated as the drawing and disbursing authority with powers to grant leave to his staff.

#### Staffing Pattern And Requirements Of Equipment

58. The standards for hospital appliances, equipment and instruments evolved by the Indian Standards Institute should be strictly followed and no departure from these standards should be permitted.

59. Staffing pattern for a Hospital with 50, 100, 200 and 300 beds have been recommended.

60. Private practice should be permitted to all Government doctors except in the case of doctors working on the health side, doctors working on laboratory and diagnostic services, doctors serving in teaching hospitals, Civil Surgeons of the Districts and Medical Superintendent of Hospitals, and doctors working on research projects. Adequate non-practising allowance should be paid to the incumbents of these posts.

61. State Governments in the case of medical men working in Directorates of Health and Medical Services and Central Government in case of medical men working in the Directorate General of Health Services should take their own decision in regard to payment of non-practising allowance depending on their resources and service conditions.

62. Doctors working in difficult and remote areas should be granted a special allowance during the period of their posting at such places.

63. System of honoraries should be continued in places where whole-time Government doctors and specialists are either not available or Government cannot afford to engage them for want of funds. The services of eminent persons who are known to be devoted to their profession and are prepared to work as honoraries, should be utilised. The honoraries should be subjected to same discipline as whole-time doctors. Their terms for recruitment and conditions of working like hours of duty, etc., should be clearly laid down.

#### Laboratory And Diagnostic Services

64. Laboratory services in India vary from State to State and within the States at all levels. Efforts to strengthen the services at district and peripheral levels should be made. Any potential savings by way of space, equipment, personnel and funds need to be overlooked.

65. In teaching hospitals the set up of laboratory services should include Clinical Biochemistry, including

routine examinations, Haematology including Blood Bank, Histopathology, Clinical Microbiology including Stool CSF, Pleural fluids, Serology and Surgical Pathology, Autopsy including Cytology. Each of these sections should be under the charge of a competent and well trained officer with a complement of technical staff, but the responsibility for technical standards should rest with the parent department of the College.

66. The set up at the District Hospital may include Haematology including Blood Bank, Clinical Biochemistry, Urine and Stool, C.S.F. Serology, etc., and Microbiology. If resources do not permit arrangements for such service may be made with the department of Pathology and Micro-biology in a neighbouring teaching hospital. Laboratory at the District level should have 4 laboratory technicians, 2 laboratory attendants, a sweeper and a clerk on their staff. At the tehsil/taluq level there should be one laboratory technician and one of the doctors should, in addition to his other duties, look after the laboratory. This doctor should be deputed to a District Hospital for about 6 weeks' training if necessary.

67. Non-medical graduates in Bio-chemistry or Micro-biology may be employed to do laboratory work.

68. The departmental heads in a laboratory in large hospitals should be fully qualified medical man who in addition to general training in pathology should have sufficient postgraduate experience in the speciality of the department.

69. The number of technicians in a laboratory should be fixed on the basis of 1,000 tests per fully trained technician per month as the maximum.

70. The X-ray Department should be so sited as to be readily accessible to in-patient wards, the out-patient department and the accident and emergency department.

71. Teaching hospitals should have four X-Ray Plants one of 300 to 500 M.A. ; the second of 100 M.A. ; and third a portable plant of 35—50 M.A. and the fourth a Dental X-ray Plant, besides plants or machines for Diathermy and lamps for ultraviolet and infra red. In large and busy hospitals there may be an additional miniature X-ray set.

72. In district hospitals with 200 or more beds there should be one 200 M.A. Unit, one 100 M.A. and one 35—50 M.A. portable unit and one for dental care, besides having lamps for ultraviolet and infra red. The tehsil/taluq hospitals should have one X-ray Plant of 50 M.A. and lamps for ultraviolet and infra red.

73. Radio therapy should be confined to a few selected hospitals and teaching hospitals.

74. Radio isotopes should be limited to teaching hospitals only.

## Ancillary Services

75. Supply of linen in a hospital should be the responsibility of an officer of the status of Matron or Assistant Matron who should be in-charge of the Service. Central linen room is recommended.

76. Clothing supplied to patients should be simple, economical, durable, clean and suited to the climatic requirements of the place.

77. Mechanical laundry for linen in hospitals where the quantity of linen is not less than 45,000 pieces per week is considered economical, quick and involving the minimum wear and tear and pilferage. For this purpose smaller hospitals may be grouped. Hospitals in the same city may combine to have central mechanical washing. Small domestic washing machines may be used in District and Taluq hospitals.

78. Hospitals with more than 200 beds should have a whole-time dietician. In others one of the sisters should be trained in basic knowledge of diets and put in-charge of dietary and food services. Trolleys insulated with saw dust and stainless steel thermos jars with a tap should be used for carrying food. Kitchen should be preferably on the ground floor and be neat, clean and spacious. Stainless utensils and gas or smokless chullah should be used.

79. Central Sterilisation Supply Department should be organised in all hospitals with bed strength 200 or more. District Hospitals should supply sterilised materials including dressings to hospitals and dispensaries attached to them. Blankets must be thoroughly sterilised. The C.S.S.D. should be on the ground floor near the operation theatre and connected with telephone.

80. Non-store holding purchases organisation should be set up in all States to coordinate the demands of medical stores and drugs from various hospitals. Rate contracts should be settled with suppliers/manufacturers and supplies received from them directly, in larger packings and sent to the District Hospitals from where the drugs and equipment be supplied to Tehsil/Taluq Hospitals and Primary Health Centres in the district. Medicines should be stocked for a period of six months. Quality control organisation should ensure quality of drugs received from supplied to hospitals.

81. Hospital pharmacies should be established in all teaching hospitals and tablets, injections, fluids and other common mixtures and ointments should be manufactured there.

82. To check over-medication, there should be a Committee consisting of specialists, who should meet periodically, examine cases of misuse and excessive use and prescription of medicine. A Prescribers' Journal should be started by the Government of India to begin

with.

83. The basis of treatment in hospitals should be the National Formulary and the treatment should be prescribed by Pharmacopoeia or generic name and use of branded and patent medicines should be discouraged.

84. In addition to Hospital Library, there should be a Patients' Library having light reading and pictorial magazines, journals and periodicals, as well as literature on dietary, nutrition and health education material. At the District Hospitals there should be a fairly good library and doctors working in other hospitals of the district should become members and borrow books. Medical and professional journals should be made available in all hospitals and even in Primary Health Centres. A system of circulating medical and professional journals which are rare and published in foreign countries should be established. If possible extracts of important material may be got cyclostyled and circulated.

85. One or more than one workshop, depending on the size of the State to repair machines and hospital equipments should be set up. Technicians attached to these workshops should periodically visit hospital to check up machines and repair them on the spot or bring them to workshop. Hospital authorities should send periodically a certificate to the Health Directorate that all machines and plants in the hospital are in working order and those out of order have been sent for repairs. These Hospitals with bed strength of 200 or more beds should have a repairing cell consisting of one Blacksmith, one painter and carpenter and one Electrician.

86. In Teaching Hospitals providing post-graduate medical studies records should be kept in a precise manner with indexing and preserved in bound volumes or in micro-films, where felt necessary. The cases to recorded should be marked by the doctors. District Hospitals should adopt a simple method of record keeping. Record should be maintained on the pattern of International Classification of Diseases. In teaching Hospitals there should be one Medical Record Officer, 2 Medical Record Technicians and one of the Medical Offices in the hospital should be made responsible for record keeping. More teaching centres should be opened to train Medical Record Technicians.

87. All hospitals with 200 or more beds should have a blood bank. Doctors should persuade friends and relatives of patients to donate blood. Blood banks in Teaching Hospitals should supply blood to hospitals attached to them. These hospitals should have refrigeration facilities and dust-free accommodation for storage and equipment for blood transfusion. Blood Banks should be equipped with a utility van which should serve as a multi purpose vehicle for transporting donors, blood donation teams and social workers, and when free for propaganda purposes and for blood collec-

tion. A small committee of experts to lay down standards for the collection and storage of blood and for techniques of grouping and matching should be appointed.

88. Designs of mortuaries for different sizes of hospitals have been suggested. Cold storage arrangements should be available in district and teaching hospitals. Cold room chambers should keep a temperature of 4. C. Provision of ice in case of electricity or compressor failure should be made. The floor should be s airtight and easily washable. Proper record for incoming and outgoing dead bodies should be maintained and whenever required the services of photographic and X-ray units should be available. Ground floor is the best location for a Morgue. It should have a suitable exit leading to a loading area concealed from the view of patients and the public. On an average there is one death per hospital bed per year and facilities for the custody of bodies and post-mortems should be provided accordingly.

89. All effort to inform the relatives, friends, or persons who may be visiting the patient during his illness, about the death of the patient should be made before declaring a dead body as unclaimed. Unclaimed bodies may be sent to teaching hospitals for teaching cases or for pathological purposes for teaching and research. Delay in handing over the dead body on this account should be minimised to the maximum extent possible.

#### **Sanitation And Security Arrangements, Public Relations And Health Education**

90. Full fledged House-keeping Cell with a qualified Sanitary Inspector, Havalgars, Sweepers, Scavengers and Gardeners has been suggested.

91. Three to four per cent of capital cost should be provided for the maintenance and repairs of hospital buildings. Restrictions imposed on account of emergency or other matters in the allotment of funds for repairs should not apply to hospitals.

92. Hospitals should have arrangements to maintain a daily supply of 50 gallons of water per bed. Drinking water in the form of water coolers should be provided in verandahs and out-patient department at suitable location. Private donations should be solicited for providing water coolers.

93. One latrine seat for every six beds should be provided in hospitals. Wherever piped water supply is available, all the surface latrines should be converted into water-borne latrines attached to the sewerage system or a septic tank. At other places water borne non-flushing latrines should be provided with a septic tank.

94. Cooks, food servers, attendants etc. Who come in contact with food should be screened and their

health records maintained.

95. Regular physical verification of stores in all departments will reduce pilferages. Architects should pay adequate attention to consideration of security in the designing of hospitals.

95. A good and courteous behaviour on the part of hospital workers and doctors and the receptiveness by patients and their attendants will constitute good public relation. This cannot be strictly enforced but are to be realised.

97. In teaching hospitals, a Public Relations Officer should be appointed to look into the complaints and difficulties, bring them to the notice of the concerned officer and secure redress.

98. In the Casualty and Emergency Departments the doctor should be particularly polite and sympathetic and should spare no efforts to console the relatives and attendants of the patients. A brochure containing the "Dos" and "Don'ts" i.e. acts which he is not expected to do, should be available for the benefit of the in-patients.

99. Appointment of Hospitals Advisory Committee in teaching and district hospitals is suggested. These Committees should take lively interest in the affairs of the hospital and the staff and suggest measures to add to the comforts of patients, build better relations and secure hospital support of voluntary institution, charitably disposed persons and social workers.

100. Hospitals form an excellent nucleus for imparting health education. In teaching hospitals there should be a qualified Health Educator with medical or social science training. He should be assisted by medico-social workers trained in health education. The set-up should include a projectionist to operate the audio-visual equipment and artist-cum-photographer for preparing education aids. District hospitals should be provided with medico-social workers. The Medical Officer-in-charge of the Primary Health Centre should be responsible for health education in the Block and he should utilise the Block Extension Educator in planning education material for the Primary Health Centre.

101. The equipment for health education work for hospitals of various sizes have been suggested.

102. Adequate display of health education material, books, pamphlets and arrangements for display of short films may be made in the Out-patient Departments in hospitals.

#### **Augmentation Of Resources**

103. In order to augment financial resources the following measures are suggested :

(i) Levy of a charge of 10 paise per attendance in the out-patient departments of hospitals and dispensaries;

(ii) A minimum charge of 25 paise per day of hospital stay;

(iii) Payment of diet-charges by patients who have a monthly income of Rs. 200 or above;

(iv) Setting up of pay clinics in all major hospitals in towns with a population of five lakhs;

(v) Provision of paying beds in district and teaching hospitals, where these do not exist;

(vi) Extension of Central Government Health Scheme and Employees State Insurance Scheme;

(vii) Starting of Health Insurance Scheme in selected areas or among selected groups of population;

(viii) Contribution from the L.I.C., and

(ix) Health Cess.

104. The revenues, raised by measures suggested above, should not go to the public exchequer but made available to the hospital concerned either directly or through an equivalent increase in its budget. Donations for putting up of hospital buildings, setting up of beds in them and for running hospitals should be encouraged.

105. Central Government Health Scheme and Employees State Insurance Scheme should be extended to uncovered population and areas. Health Insurance Scheme may be tried on pilot basis in selected areas, both among the urban and rural populations. State Governments should also initiate Health Insurance Schemes for their employees by some banks and other organisations should be discouraged and these organisations should also start their own health insurance schemes.

106. The Life Insurance Corporation should also join hands with health agencies in their endeavour and be asked to set apart a prescribed proportion of its profits to finance the Health Insurance Scheme.

107. The levy of Health Cess as imposed in the State of Mysore may be considered by other States also as a source for raising revenues.

#### Family Planning Programme In Hospitals

108. All medical men, general practitioners, specialists paediatricians and others should be made to take interest in Family Planning work, and they be made aware of the urgency of the population problems, modern methods and latest-research in Family Planning.

109. Family Planning Committees should be set up in all hospitals to plan and review the progress made in regard to Family Planning.

110. Family Planning Services should be provided in all hospitals through Family Welfare Centres and no post should be left unfilled. In teaching hospitals the Family Planning Welfare Centres should work as a part of the Department of Gynaecology and Obstetrics. These centres should also organise "Well-baby" Clinics.

Occasions when women come for fitness for loop insertions or some other family planning advice, should be utilised for detection of abnormalities/diseases and wherever possible proper advice given for treatment.

111. All hospitals should have facilities for sterilisation.

112. Doctors and para-medical staff who take active interest in Family Planning, a remark to this effect may be made in his character rolls. For outstanding work in Family Planning the staff may be allowed double increments in pay.

113. As for educational programmes, the Family Planning Welfare Centre should be situated at advantage point, all doctors wherever possible, should advise patients for Family Planning as part of patient's care; nurses during the patient's stay in hospitals, can educate and motivate them for Family Planning. At the time when patient is discharged from hospital, eligible patients may be clearly told if the Family Planning advice is needed and the place to be visited by them.

114. Orientation courses in Family Planning for doctors and nurses should be organised in teaching hospitals. Staff of Regional Family Planning Centres may also be involved. Family Planning should be made a subject of study in medical colleges as part of undergraduate curriculum.

#### Central Government Health Scheme

115. High priority should be given to the construction programme of dispensaries. The action on proposals (i) to have separate Hospital for Central Government Health Scheme beneficiaries in Delhi and (ii) to set up one poly clinic for every five dispensaries to provide laboratory, diagnostic and specialist services should be expedited.

116. Much of the time spent by the patients in the dispensaries will be reduced if the Pharmacists' counter is enlarged to accommodate both the compounders dispensing special and ordinary medicines and separate timings be fixed for old and new cases and these timings are strictly enforced excepting for emergency cases.

117. Direct consultation with the specialists by beneficiaries drawing Rs. 1,200 or more per month is not justified on medical grounds and as such this distinction should be removed.

118. A Central Pharmacy be established in the medical store for the manufacture of certain drugs.

119. The C.G.H.S. formulary of medicines is quite exhaustive. The practice of giving medicines outside the formulary and in excessive quantity should be voluntarily discontinued and doctors should be considered as the best judges to prescribe the medicines.

120. A committee of experts should be set up to go into this question and suggest measures for moving the

disparity in expenditure in various dispensaries.

121. The use of proprietary names should be progressively eliminated and the drugs should bear generic names. Stricter internal checks should be enforced to eliminate pilferage. To prevent impersonation separate identity cards for every beneficiary containing higher photograph should be issued.

122. The rates of contributions has remained the same since the inception of the scheme in 1954 inspite of sharp rise on expenditure. Contributions made by the beneficiaries to the C.G.H.S. should be raised in the same proportion as the rise in total emoluments to the beneficiaries since the rates of contribution were last fixed.

123. Since the C.G.H.S., dispensaries are providing comprehensive health care, they should be redesignated as "Health Centres for Central Government Employees".

124. The referral functions entrusted to District Hospital generally, should, in case of Difficult Areas, be made the responsibility of the Sub-divisional hospitals (tehsil/taluq or another suitable administrative sub-division). These hospitals may have more than 50

beds and in addition to surgical, medical, gynaecological obstetrics specialities, should have other specialities such as ophthalmology, dermatology, E.N.T. venereal diseases and dentistry.

125. The number of Primary Health Centres should be raised to two in a block. The frequency of visits of health workers should be raised gradually to once a week. There should be a provision of 10 beds and in addition an isolated hut.

126. Within areas of Primary Health Centres suitable sub-centre to be known as 'Key villages' should be selected in such a manner at one or another of the key villages lie within half a day's march from the farthest village. Doctors from the P.H.C. should visit the village, examine patients and dispense medicine, once a week, on days extensively publicised.

127. First aid kits should be kept in village and school teaching and a Surpanch or one of the Panchas should be given short training course to provide first-aid services to the villagers.

128. Doctors working in difficult areas should be given higher rural allowance than obtaining in other rural areas.

## WORKING GROUP ON VOCATIONAL AGRICULTURAL EDUCATION, 1966—REPORT

New Delhi, Planning Commission, 1968. 69p.

Chairman : Shri T.S. Avinashilingam Chettiar.  
Members : Dr. K.C. Naik ; Shri M.Y. Ghorpade ;  
Shri N. D. Sundaravadivelu ; Dr. D.P.  
Singh ; Shri H.G. Patil ; Dr. W E. Schroeder ; Dr. S K. Mukerji ; Dr. S C. Verma.  
Secretary : Dr. S.N. Saraf.

### APPOINTMENT

Prof. V.K.R.V. Rao, the erstwhile Member (Education), Planning Commission, convened a meeting of the Panel on Education in September 1966 to consider the draft Fourth Plan proposals in respect of education with reference to the recommendations of the Education Commission. One of the group set up by the Education Panel related to agricultural education. This group considered the scheme of Junior Agricultural Schools which was earlier prepared by a Working Group set up by the Ministry of Education and also the recommenda-

tions of the Education Commission of this subject and made the following recommendations :—

"Regarding the Junior Agricultural Schools, the Group was of the opinion that while these might help in dealing with the bulk of drop-outs in rural areas, after the elementary stage, the details of the courses to be offered and the type of institutions to be created should be worked out by a fresh committee to be set up by the Planning Commission."

In pursuance of the recommendation of this Group, as endorsed by the Education Panel, the Chairman, Prof. V.K.R.V. Rao, appointed a Working Group on Agricultural Education at the School stage.

### TERMS OF REFERENCE

(i) To draw up a concrete scheme which, among other things, would explain the objectives of the proposal ; and



(ii) To suggest a draft syllabus, duration of courses, criteria for the location of institutions, method for selection of students for admission to the courses, recruitment and training of agricultural teachers, administrative and financial implications, phasing of the Programme, manpower and material requirements, etc.

## CONTENTS

Composition and Terms of Reference of the Working Group ; Scheme for Vocational Agricultural Education ; Conclusion ; Annexure A ; Appendices I to X.

## RECOMMENDATIONS

The Group strongly recommends that the necessary financial provision for implementing the proposed scheme of Vocational Agricultural Education may be made in the current year by appropriate adjustments, if necessary, so that preparatory steps are taken for surveying the location of such centres and for the training and orientation of agricultural teachers. It would also be necessary to find finances for the pilot projects of vocational agricultural courses already initiated by the Regional Colleges of Education. We are strongly of the view that this scheme should be implemented, without any delay and therefore, commend the projects already taken up by the Regional Colleges because we feel that on the success of these pilot projects will depend the implementation of this programme on a large scale. The Group also strongly recommends that, in the Annual Plan for 1968-69, adequate provision may be made for the setting up of 25 centres during 1968-69 and also for the establishment of necessary administrative machinery both at the Centre and in the State levels so that the effective implementation of the programme is not retarded.

The Group in its first meeting recommended that basic literature necessary for these vocational agricultural courses must be prepared in advance. The recommendation is again reiterated and it is suggested that the appropriate Ministries may set up necessary machinery to make an assessment of the instructional materials, guide books for teachers and other manuals

which are already available and also make an assessment of the additional literature required. In this connection, our attention was drawn to the instructional materials prepared by the N.C.E.R.T. in Biological Sciences which is proving very useful and we suggest that this type of literature may be produced in the field of agricultural sciences also which would be relevant to the proposed schemes of vocational agricultural courses.

The Group hopes that the Planning Commission will take necessary steps in circulating this scheme to the appropriate Ministries and Departments at the Centre and in the State and commend its early implementation. We are informed that the question of providing necessary funds for this scheme will be decided by the Education and Agricultural Divisions of the Planning Commission with the concerned Ministries. We are keen that decision on this and other recommendations may be taken early.

The Group has not gone over tracing the history of the reasons for the failure of agricultural education at the pre-university stage in making an impact on improving the economic condition of people in rural areas. This question has been reviewed by a number of Committees and Commissions. We have, however, kept in view, while drawing up the programme, the various suggestions made by these expert Committees and have drawn up a realistic programme which can meet the needs of our country. To begin with, during the Fourth Plan, we have visualised this scheme only as a pilot project with an ultimate enrolment of 9,750 in 1970-71. We believe that financial consideration should not come in the way of the implementation of this programme as we believe that the condition precedent for having a breakthrough in our agricultural economy is the extent to which it is possible for the society to make necessary provision for the introduction of agricultural education based on science and technology at various levels and more so at the level when the young farmers have the capacity to absorb the significance of the adoption of new techniques.

# COMMITTEE ON SCHOOL TEXTBOOKS, 1966—REPORT

New Delhi, Ministry of Education, 1967. 22p.

Chairman : Prof. K.C. Saiyidain.

Members : Shri J.P. Naik ; Dr. V.S. Jha ; Shri Hayatullah Ansari; Shri Gopi Nath Aman ; Dr. R.H. Dave.

Secretary : Mrs. S. Doraiswami.

## APPOINTMENT

It had been repeatedly brought to the notice of the Government of India that some of the textbooks prescribed for schools in several States, contained certain passages in respect of which objection was raised by certain sections of minority communities on the ground that they hurt their feelings and militated against the directive principles of the Constitution. The matter had also been raised in Parliament. The Government of India, Ministry of Education, therefore set up a Committee on September 1, 1966 to examine the issue and to advise the Government of India on the principles to be adopted in the preparation and assessment of textbooks suitable for a secular State.

## TERMS OF REFERENCE

The terms of reference of the Committee were as follows :

(a) To examine the specific complaints regarding books brought to the notice of the Committee from different States, and to test their validity with particular reference to the need for promoting inter-communal and inter-regional understanding ;

(b) To State the general principles to be adopted in the preparation and assessment of text books with special reference to the teaching of language, history and social studies ; and

(c) To suggest a practical programme of action for the preparation and assessment of textbooks prepared on the basis of principles so enunciated.

## CONTENTS

Appointment of the Committee ; The Composition of the Committee ; Terms of Reference of the Committee ; Procedure Followed ; The Nature of Existing textbooks ; Recommendations Treatment of Religion in Textbooks ; Treatment of Mythology in Textbooks ; Place in Sanskrit ; Teaching of History ; Need for Guiding Policy by the Government of India ; Conclusion ; Appendix A, B.

## RECOMMENDATIONS

### Treatment Of Religion In Textbooks

The first question that must be answered in this connection is whether religious material should at all be included in language textbooks. The primary objective of language readers is to teach the language effectively, according to proper educational principles. However, in the Indian situation, language is often inextricably woven with religious sentiments, myths and legends associated with the Hindu faith as with others. To give up such literature altogether would deprive the younger generation of a rich literary cultural heritage and impoverish their minds. A truly secular State is not an irreligious or anti-religious State ; it is one in which full religious freedom is ensured to every citizen, and in which no religion is accorded any specially favoured treatment. The fundamental principle of our national life is that it assures respect for all religions and promotes the spirit of tolerance for the people who profess different faiths. When this principle is violated in practice, the Constitution stands violated. It is therefore, necessary that the children should not be shut off from the knowledge of their own religion or that of others. They should be taught to understand them and to live with people who profess other faiths. A knowledge of other cultural streams which constitute the heritage of the country should be necessary for all children whether they belong to the majority or minority communities for without it they will be unable to play their part properly as responsible citizens of our secular multi-culture society. Textbooks should, therefore, endeavour in their limited way to acquaint the pupils with the basic truths of all religions and the contribution which they have made to the development of human values. In order to achieve this object a balanced presentation should be given in textbooks on various religions of the people of India.

There should be no objection on the part of any one to know the main articles of faith of persons belonging to other religions. In fact, it is necessary that they should, because we live within a multi-religious society. However, the children of these communities should not be made to believe that the practices peculiar to any religion are practices approved by all religions nor be asked to take part in them.

There is obviously, need for maintaining some reasonable kind of balance in any textbooks between religious and non-religious material bearing on the life of the community. A disproportionate emphasis on mythological or religious material and the comparative neglect of scientific, social, intellectual or aesthetic expressions of man is not in keeping with the needs of a growing society which is trying to modernize itself. It is quite conceivable, for instance, to have good language readings which do not include any religious or mythological themes, without any real loss to the child.

In presenting any religious material, textbooks should provide information about religions and not seek to provide any denomination's religious instruction. Besides, when the mythology or beliefs of a particular religious community are mentioned they should not be presented as if they are acceptable to all the communities of India. For example; when talking about the river Ganges, to say that "the river is considered sacred by the Hindus" would be more appropriate and correct than the statement "the Ganges is considered a sacred river by all of us". One can, of course, talk of the great advantages which the Ganges brings to the life of millions in our country but it is incorrect to assume that its sanctity is accepted by all.

#### Treatment Of Mythology In Textbooks

In this connection it is necessary to examine in a broader context, the extent to which language readers should have lessons bearing on mythology. The answer lies in what we wish to achieve through the language reading and what mythology can contribute to the desired end. We cannot discuss here the general functions of language readings in the programming of education of the children in different school stages. These purposes are well known and so are the principles of planning the themes and contents of readers. We must, however, take note of one important consideration, namely, that the textbooks of tomorrow must be forward-looking and prepare the pupils for living in a fast-changing world in which old frontiers are fast crumbling. Modernisation is marked by a Copernican change from the attitude prevalent in the past, in which legends and mythology originally came to birth. The forces of nature were observed with a sense of awe and inevitability and human freedom of action was confined to the limits imposed by the stern realities of nature. In the age of scientific and technological revolution, man has gained confidence in his power to make nature yield to his wishes. A new sense of achievement created by the growing power of science has opened up fresh avenues of human interests and efforts. The characteristic urges of the technological era allow but a limited scope for mythology which has value to the extent that

it contributes an ingredient of our ancient culture and legacy. We, no doubt, owe a debt to the past; and we must realise that the 'present moves with the weight of the past on its back'. Nevertheless, we cannot afford to become a slave to the past and the textbooks should pay due heed to the new aspirations and hopes of the younger generation. More interesting and modern themes can, and should be considered for inclusion in order to prepare a rational mind. When man went into space as one of our witnesses put it, "he became a citizen of the universe; not a captive of his geographical or exclusive cultural frontiers".

This is not to be little the place of mythology in textbooks. Mythological themes are essential to fulfil certain educational purposes. For example, mythology helps the child understand literary allusions in the literature and poetry of the past as well as the classical background of our ancient people. Some mythological stories have very appealing moral content of universal acceptability. Such themes can be chosen and used profitably to convey essential values of life to the young. Since the study of literature contributes to the enrichment of imagination and some of the mythological stories—Indian as well as foreign—are excellent and interesting examples of flights of imagination, they can be usefully included in textbooks and supplementary reading materials, within reason. However, the inclusion of mythology should always be purposeful. As we have a variety of cultures in our country and each of these has its own mythological associations, the limited room for mythology in the readers will have to be shared in reasonable proportion by their different traditions. We must remember, however, that, through our textbooks, we are trying to produce a modern, secular and rational mind, receptive to the total heritage of the human race and able to live in this age of space travel; nuclear energy and other spectacular technological changes.

The possibility of including religious and mythological material pertaining to various religions being limited, by space as well as by the spirit of the age, there is need for more careful and rigorous exercise of selection. Such selection, as we have stated, should be purposeful and dictated by what is good for the cultivation of the spirit of national integration. It should help to strengthen the bonds of understanding among the peoples of the country and to inculcate in the young learners the spirit of understanding and appreciation. The object of education given in schools is not primarily to train children as Hindus, Muslims, Sikhs, etc., but as good, broadminded, tolerant, Indian citizens. The actual religious training of children should be primarily the function of parents or religious organisations or special schools set up by them for the purpose. This

cannot, obviously, be taken up by the State Educational System.

### Place Of Sanskrit

While an examination of the three-language formula is outside our terms of reference, it is obvious to us that compulsory instruction in Sanskrit, however desirable it may be for some sections of our people, is not a part of the formula. The practice in some States to teach Sanskrit compulsorily as a part of Hindi, is not in keeping with the spirit of the formula. On the contrary, it appears to be an escape from it. The Sanskrit Commission, too, has not envisaged the compulsory study of Sanskrit. We recognise that Sanskrit has a very important cultural position in the country and that its study should be encouraged as widely as possible among the students and in a much more serious manner. But this should be done only on a voluntary and optional basis. If a subject like Sanskrit is taught for a very short period by indifferent teachers on sentimental considerations, the child may be able to acquire the barest smattering of it but he will not reach the break-through point at which its practical and cultural possibilities can become real and be utilised for educational purposes. Educationally, therefore, it will mean a good deal of waste.

Lessons which are in the nature of formal worship or prayer should not be included in language textbooks, even when they are harmless. They are likely to be suspected because custom associates them not with their underlying meaning or literary charm but with the accepted modes of worship peculiar to particular religions. School books should, so far as possible, avoid selections of denominational prayers, for inclusion in textbooks. It is doubtful if the most careful selection will succeed in excluding poems and prose passages from Sanskrit texts which have some bearing on the Hindu religious sentiments. These have to be read with reference to the context in which they were written and the people for whom they were written. Those who read them should also cultivate breadth of mind to understand the background in which they were written and learn to appreciate whatever ground in which they were written and learn to appreciate whatever is worth while in them. The teacher's guidance in helping to cultivate correct attitudes in dealing with these passages is very necessary. Their inclusion will not create any problem when it is understood that the learning of Sanskrit will be optional.

The Education Commission has suggested the preparation of Special material for moral and religious education in order to facilitate mutual understanding of religious and cultural attitudes in a multi-religious society. It would be more appropriate to include reli-

gious and mythological themes in these books than in the language readers which could then include more of secular material relevant to present-day needs.

### Teaching Of History

One of the most sensitive areas demanding delicate handling lies in the preparation of textbooks for history in the schools. The discipline of the subject requires objectivity and precision and dispassionate study of facts. It would be unwise not to state facts with accuracy and objectivity in history readers, as there can be no compromise with truth. This is an important element in the education of the young. There is, however, an element of interpretation in the treatment of historical data and it is essential to ensure that history is interpreted in a manner which will assist in the cultivation of understanding and in promoting the sense of national integration. It will do no good if historical facts or incidents are either mis-stated or ignored in schools. Those among the students who may later become scholars of history will feel resentment when they discover later that they were willfully fed on lies. The great challenge in the preparation of good history readers lies in the wise and careful selectivity of material. Greatest care and caution must be exercised by knowledgeable writers in including material which will neither entail sacrifice of truth nor of the elements required for the building up of a peaceful, tolerant, united nations.

Much of the difficulty in the selection and treatment of historical matter would be overcome if we remember that, generally speaking the future is more important than the past and instead of spending time and energy in schools on unimportant controversies over past history, we laid stress on the fact that, as a people, we have to learn to live together and use the lessons of history for that purpose.

In view of the fact that in teaching Indian history in the past, during the British rule, stress has often been laid on religious differences and conflict, it is necessary that we should now highlight those situations—and they are legion—where people of all religious faiths have worked together in unity and cooperation. Where certain facts of history are important in themselves and cannot—and, indeed, should not—be ignored, they should be used wisely to show how these ugly episodes of the past are things of which all of us should be ashamed and everything should be done to avoid them in the future. This would, obviously, involve a creative and purposeful reinterpretation of history and a judicious selection of historical truths. The interests of national unity and the needs of a modernizing society should be the primary considerations in our choice and presentation of material.

The problem of selecting content is thus of great importance in the early stages of teaching history when the guiding principle should be not to give all the facts but to pick out those which may exercise the desired influence on the minds of children. This is not, as is sometimes suggested, a falsification of history but a recognition of the obvious fact that it is literally impossible to present all facts. In fact, there is no special educational virtue in burdening the children's mind with "old, unhappy, far-off things and battles long ago". If there were wars and conflicts between rulers of the same religion or of different religions or wars of conquest and enslavement or acts of cruelty, they are not of immediate consequence for young children. And even when they are presented later, the approach should be to show that they were as a rule wrong and undesirable and did not solve any problems. Most of the wars, even if they are historically important, can be treated as having happened and as a matter for regret and shame to all of us as human beings. But the emphasis should definitely be on peaceful, constructive, cooperative, creative, socially worthwhile activities in which men and women have been engaged during the historic process of building up noble values and ways of life. At the higher level, when it is a matter of research studies or of graduate work or even at the secondary level, wars and political conflicts can be studied in greater detail in order to get the proper historical perspective and to cultivate the capacity to appreciate facts in their historical context. One of the most objectionable features in the teaching of history—as well as in the writing of textbooks—is that it allows the acts of individuals to be interpreted as an expression of the faith that they happened to profess. This should be avoided at all costs and the children should be definitely guarded against communal or sectarian 'stereotypes' which are often foolishly or maliciously built up in their minds—that the Hindus are heathens or the Muslims fanatics or the Sikhs cruel or the Christians contemptuous of other religions.

Interpretation of historical data is, doubtless, a difficult task, and it is, therefore, essential to produce guide material nationally for the use of teachers and textbook writers. It would be necessary for this purpose, incidentally, to provide proper training or orientation facilities for writers of books and teachers. This can be done through the training institutions for the teachers and through a variety of programmes such as provision of reference libraries and workshops for the writers of textbooks and other books for use in schools. It is necessary to initiate serious thinking on the subject among teachers and educational administrators. The universities should also interest themselves in this problem, and should, indeed, give a lead in bringing about a health, change in the books written for

schools.

The general observations made in the preceding paragraphs apply also to supplementary readers, charts and other instructional material that accompany basic texts. Very often the illustrations in textbooks are not only unsuitable but of poor quality. In the over-all improvement of textbooks, these points have also to be carefully taken into consideration.

### Need For A Guiding Policy By The Government Of India

As we have pointed out earlier, neither the Government of India nor the State Governments have so far issued any clear-cut guide-lines which would help textbook writers and reviewers in adopting the correct approach in the selection and presentation of religious and historical material to school children. This is a responsibility which has to be squarely shouldered without delay by the Central Government in cooperation with State Governments. Such policy direction should be provided in clear-cut terms and offer lucid guide-lines.

Along with this, the Centre should also prepare model or specimen textbooks, lessons and pools of textual material which the States and textbook-writers could use at their discretion in the preparation of their own textbooks. As it is important that a textbook carefully prepared should be used equally carefully in the classroom, departments of education should encourage and sponsor the preparation of intelligently planned handbooks for teachers which will, amongst other things, discuss how such religious and historical topics should be handled in classroom situations.

This responsibility can be taken over on behalf of the Central Government by the National Council of Educational Research and Training which is already engaged in the writing of model textbooks and the training of textbook-writers. In the performance of his work, one of his main objectives should be to promote national integration and the creation of a forward looking mentality.

It is not merely a selection or production of textbooks once in 3 or 5 years which is necessary; it is equally important to have a continuous scrutiny of textbooks and to set up a suitable machinery at the Centre to study and review carefully and critically the textbooks produced in the States, particularly in languages and social studies, from the national point of view. Any helpful comments about their contents, presentation, etc., should be sent to the States, confidentially, if necessary, as technical opinion, and a programme of constant improvement of textbooks promoted through close collaboration with State Departments of Education. It is important to avoid offensive criticism or

give unnecessary publicity lest it should provoke any defence mechanism on the part of the States. The entire process should be carried out at the educational level and in a spirit of good-will as a joint endeavour in an important cause. This effort at the Centre should be suitably supported in the States by a counterpart machinery at the States level.

The best talent available in the country should be employed for preparing textbooks. As our President (then Vice President) Dr. Zakir Hussain, pointed out, no less a person than Rabindranath Tagore wrote textbooks for school children in Bengal and, in the past, there have been other great and creative writers who have done this labour of love. It was, not, however, then a predominantly commercial venture as it has since become. We feel that the teachers too should be intimately involved in the process of textbook-writing and in trying them out experimentally before being introduced in the classroom on a large scale.

Although the practice of nationalising textbooks has some advantages, it has often not succeeded in producing quality textbooks. Nationalised textbooks often suffer from the same deficiencies which we have tried to analyse but, being Government-sponsored, they are officially considered to be above criticism, though there is even less justification for such mistakes and undesirable material being found in them.

Textbooks should never be produced and evaluated in a hurry. The process of preparing and publishing textbooks should be carefully planned, with due provision for try-out and for inviting teacher's and children's reactions and views in the light of which they can be revised.

The Education Commission has recommended that private authors and publishers should be encouraged to produce textbooks, and nationalised textbooks should compete with them on the basis of merit. This is the only way in which the initiative of teachers and authors in the preparation of quality textbooks can be fostered. We would also suggest that the Central and State Governments may consider the feasibility of utilizing the services of a high-power Advisory Com-

mittee, consisting of a few persons of outstanding eminence, belonging to different faiths, who should not be charged with selection of books but with examining the selected books in order to eliminate such of them as may be objectionable from the point of view of national integration or inter-religious understanding. Alternatively, in order to make the scheme more practicable, such committees, consisting of persons of different faiths, may be appointed for each linguistic region. This question is so important that no effort which will result in the improvement of the present situation should be spared and we are sure that persons of eminence and good-will be coming forth to cooperate. If this involves any expenditure of funds in remunerating the members, this should not be grudged.

### Conclusion

In a multi-religious State, it is no easy task to help the younger generation grow up in an atmosphere of not merely passive mutual 'sufferance' or 'toleration' but of positive understanding and appreciation. There is need, indeed, for adopting a comprehensive and national approach which should try to reorient the entire society intellectually and emotionally. But this is a difficult and heart-breakingly slow process. Text-books provide, in some ways, a quicker and more practicable way of correcting in the classroom—at least to some extent—whatever irrationalities and fanaticisms are engendered in the child's mind through social influences, and substituting in their stead, wholesome attitudes of rational and scientific thinking. Much has been said in past about the need for improved textbooks, but the question of adequacy and suitability of their content in a modern scientific and secular State has not been sufficiently recognised. It is the urgent and imperative duty of the Government to see that textbooks contribute in full measure in bringing about national cohesion and the development of a progressive and forward outlook in the next generation. This is the only way in which we can check the tendencies towards reaction, fanaticism and obscurantism which are still, unfortunately, visible in our body politic.

# COMMITTEE OF ENQUIRY ON DURGAPUR STEEL PLANT (HINDUSTAN STEEL LTD) 1966—REPORT

New Delhi, Ministry of Steel, Mines and Metals, 115p.

Member : Shri G. Pande

## APPOINTMENT

The Committee of Enquiry on Durgapur Steel Plant (Hindustan Steel Ltd) (1966) was constituted vide resolution No. DUR-21(4)/66, dated September 12, 1966 of the Ministry of Iron and Steel.

## TERMS OF REFERENCE

To identify and assess the deficiencies and ascertain the causes therefore, in the particular units of the Coke Ovens and the Wheel and Axle Plant as well as in the allied departments.

## CONTENTS

Introduction ; Background ; Reorganisation ; Developing Performance ; Over All Plant Performance ; Coke-Ovens ; By-Products Plant ; Blast Furnace Department ; Steel Melting Shop ; Rolling Mills ; Wheel and Axle Plant and Slinger Plant ; C.E.M. Shops and Foundry ; Maintenance ; Materials Management ; Production Planning and Control ; Performance Control and Development ; Personnel Management and Industrial Relations ; Incentive Schemes ; Financial Management Cost Control and Sales ; Plant Reorganisation and the HSL ; Conclusions ; Summary of the Report and Recommendations ; Annexures.

## RECOMMENDATIONS

The Plant should improve control over quality of raw materials, processes and products and reduce its off-grade production and high inventories, to reduce the cost of production.

The management should take special action to arrest the fall in labour productivity and increase it substantially by adopting the methods used for improving performance.

A Special Study should be made of the 27 numbers of equipments and attachments, which are lying idle in the plant, to determine their usefulness in the Durgapur Plant or elsewhere.

The pace of repairs should be stepped up and staff of the refractory department be associated with the work for getting trained.

Duties should be prescribed for all staff, and proper maintenance schedules be laid down and acted upon and

good housekeeping enforced.

The standard 3 shift system should be introduced in place of the 7 days rate system.

Bonus system should be re-examined and put on a more scientific footing.

Maintenance must be considerably improved and operation of the plant put on a proper footing.

The plant be placed under the independent charge of a Superintendent reporting directly to the General Superintendent.

Efforts must be made to attain coke rate of 750 kg per tonne. For this additional facilities like use of sinter, top pressure, high blast temperature, etc., have to be put to use.

Control at the Blast Furnace stage must be exercised to keep the silicon content within 1.35 per cent.

The rising costs and lower productivity should be examined by the Plant Management.

Excessive loss due to the bleeding of blast furnace gas to atmosphere should be looked into and efforts made for its better utilisation, especially in the power plant.

A detailed study should be made to reduce bunching at shift ends and to control off-grade production.

The housekeeping and removal of slag should be improved and it is recommended that the Industrial Engineering Department should be asked to make a study of the problem of removal of slag efficiently.

Flue dust clearing arrangements should be repaired and put into proper working order.

The operating practices should be improved and more effective inspections should be introduced at different stages to reduce the off-grades.

The maintenance should be strengthened and streamlined to reduce the excessive downtimes.

The declining trends of labour productivity should be examined and if there is overmanning of any point, it should be rectified at 1.6 MT stage.

The Bonus scheme should be rationalised.

The Working of the plant be examined by a team of foreign and Indian Experts well-versed in wheel steel making and processing. It will also be advisable to send two senior officers abroad to make on the spot study of the techniques of the corresponding plants.

Inter-stage inspection by Research and Control should be strengthened.

A proper system of production planning for this plant



should be instituted at an early date.

A detailed study is called for to correct the defects in the present bonus scheme.

Maintenance should be improved at all points and metallurgical, rolling, and pressing defects should be minimised by better control on processes and operations.

A proper study should be made to determine the correct basis of payment of incentive bonus to the staff based on good performance.

Durgapur Plant should give on loan the sleepers required by the railways for carrying out certain tests which if successful will bring down the rejections in sleepers considerably and will also help in the reduction of the present stocks.

Time studies should be made to determine standard time for different jobs.

A study be made to see if the system of production planning and control for the shops is adequate and effective and if not it should be streamlined.

Balancing tools and additional staff needed to improve production should be considered so that the maximum possible load of making spares may be taken on by the shops.

Proper studies should be made to determine standard times for different jobs for determination of a rational bonus scheme based on efforts of the individuals and groups.

It should be ascertained if the system of production planning and control is adequate and effective and it should be streamlined.

The control of the foundry should be removed from the charge of the Chief Superintendent (C and I) and should be put under the charge of a new post of Superintendent (Shops and Foundry) so that the shops and the foundry work as complementary units under him.

An inspection organisation should be set up at the Durgapur Steel Plant under the General Superintendent for making detailed inspections, according to prescribed schedules, of all the assets of the plant.

The centralised maintenance organisation should be geared to discharge its duties in an efficient manner, to arrange for spares in time and to develop competence in the man.

Preventive maintenance and inspection procedures at Durgapur should be put on a sound footing. Proper preventive maintenance system must provide for detailed annual and monthly plans for shut downs of the equipments to be prepared in consultation with all concerned.

Stricter consumption norms for various kinds of materials will have to be adopted and any further increases in the usage are to be resisted.

Joint sampling of coal at destination must be made obligatory.

Introduction of selective preparation of coal has to be actively considered at least on experimental basis.

Inspection Wings for materials must be strengthened in order to improve quality and quantity control on raw materials.

Efforts should be made to reduce inventories of spares, stores, and semi and finished goods.

The Committee has already recommended to the General Manager the creation of a high level organisation for planning and procurement of spares. This is essential for an effective spares management, as an essential and in Plant Maintenance.

A few officers from Durgapur Steel Plant should study the system in vogue at Rourkela and Bhilai in order to instal an effective system of Plant control at Durgapur.

Departments of Production Planning and Control, and Energy and Economy should be placed under the new post of the Assistant General Superintendent in charge of coordination of all activities.

Production Control Cells should also be placed under the Department of Production Planning and control. At a later stage, the direct maintenance functions of the Energy and Economy Department may be transferred to the Chief Electrical Engineer and he may be redesignated as Power Engineer on the pattern of Bhilai.

The services of the Department of Production Planning should be utilised for codification, upkeep and issue of all operation and maintenance instructions, procedures, etc.

The function of manpower planning should be transferred from the Personnel Department to the Industrial Engineering Department. Similarly the production control cells at the Steel Melting Shops and the Soaking pits should be transferred from the Industrial Engineering Department to the centralised Department of Production Planning and Control.

The Industrial Engineering Department and Research Control Departments should be placed under the General Manager. A separate wing in the Research Control Department may be established for carrying out investigation into the failures on the metallurgical and chemical fronts.

The Management should make a complete review of the existing suggestions scheme and analyse the causes for the lack of its effectiveness and devise measures to make its work better.

A Technical Wing headed by an Assistant General Superintendent and assisted by say, two qualified and experienced Engineers should be created to assist the General Superintendent for watching the performance of the plants, removing bottlenecks, improving efficiency and reducing costs.

It will be most desirable to create half a dozen posts

of Specialists at very senior levels in the headquarters of HSL who should be highly experienced experts in the different aspects of iron and steel technology.

For the purpose of assessing the performance and productivity of the various units in HSL in detail and to give suggestions for improvement. Performance Assessment and Development Teams should be formed with one of the Technical Officers in the Head Office as its Convener. The other Members should be the representatives of the Departments concerned Industrial Engineering Department and the Cost Branch. A scrutiny by such teams must be conducted simultaneously in all the plants in the same units and with the same Head Office, Officer as Convener to ensure uniformity of approach and to get better results.

Inspections of each section of the Plant of officials higher up in the hierarchy than the departmental heads must be undertaken up as a matter of normal top management policy, the aim being to assist the Plant in doing better.

A Development Council should be created with General Manager as its Chairman, Chief Industrial Engineer as its Secretary and some key top officials as Members in order to determine annual development plans for the various departments well in advance of the coming year.

Detailed work studies must be undertaken to determine the manning requirements of the various departments of the plant on a scientific basis. This work should be done by the Industrial Engineering Department. The manpower planning should be considered by the Head office and the final decision on manning at various levels taken on a comparative basis for all plants.

The existing imbalance in the ratio of direct recruits to promotees to posts in the grade of 400—950 should be corrected.

The flight of experienced personnel from the plant should be checked.

It is necessary to finalise the promotion policy for non-executives and make it known to all concerned.

Executive channels of promotion should be laid down.

The training effort has to be intensified to take care of the training needs specially in departments like Wheel and Axle Plant. The Training Department should be placed under the Personnel Manager.

The Industrial Relations situations at Durgapur has not been very happy, and efforts should be made to improve staff discipline by making various Committees like the Works Committee, Labour Committee function properly.

The calibre of officers in the Personnel Department has also to be improved.

Instead of getting a Personnel Manager from the State Services it will be more prudent to select a proper person having requisite qualifications from HSL plant cadre or if such a person is not available, from outside sources, on a permanent basis.

Management should rationalise the scheme on individual or inter-dependent group basis after Work Studies have been conducted by the Industrial Engineering staff to the necessary extent

The system of production reporting and computation of bonus earnings should be streamlined. The Industrial Engineering Department should compute the earnings on the basis of the production reports rendered by the Inspection Agencies.

All levels of all the departments of the Plant should be covered by properly instituted bonus schemes.

The plant should prepare realistic operation budgets based on sales, the final budget culminating in planning action in various areas for achievement of profit objectives. The Budget must be regarded as an instrument for profit planning and control.

Adequate control must be exercised to minimise all kinds of losses but special attention should be given to the large number of thefts in the plant.

Strict watch on over-time payments should not only be continued but efforts should be made to reduce them.

There is a very good case for effecting economy in the subsidy/deficit due to the provision of amenities and conveniences to staff. Facilities provided by the plant for transport should be gradually withdrawn without causing any undue hardships to workers and staff.

A Permanent Standing Committee for cost reduction should be formed to study costs of departments, one by one. Costs consciousness should be built up in the entire organisation.

Cost and performance data should be supplied appropriately and in time, to all levels of executives including Assistant Foreman.

The system of standard costing should now be introduced.

The entire policy of the Plant must be directed towards meeting the customer requirements. Substantial improvement is required in order to make the products of Durgapur export-worthy.

Duties and responsibilities of all non-executive and executive personnel upto the level of the General Superintendent must be defined and made known to them.

There should be no intermediary level between the General Superintendent and the Departmental Heads, who should report to the former directly.

The scale of pay for the Superintendents of major departments should be enhanced.

A post of Assistant General Superintendent should be created, who will be incharge of the proposed Depart-

ment of Production Planning and Control and will effect the necessary coordination between the heads of the various departments.

A reshuffling of some departments between the Commercial Manager and the Officer-on-Special Duty (Town) would be most desirable.

Advisory Council should be formed to assist the Officer-on-Special Duty in the sphere of Welfare activities of the Township. The odd designation of OSD should also be corrected.

A post of Coordination Manager, reporting to the General Manager be created, who will coordinate the

work on Industrial Engineering and Research and Control Departments, besides performing other functions.

Composite teams of (MER) and HSL should be formed in order that maximum advantages accrues to both organisations.

The Superintendents and other Senior Officers of important departments in HSL, should meet regularly for pooling and exchange of knowledge and experience.

Promotions to managerial posts should be made on inter-plant basis and transfers at these levels should also be undertaken in a planned manner.

## WORKING GROUP ON VOCATIONALISATION OF EDUCATION AND WORK EXPERIENCE, 1966—REPORT

New Delhi, Planning Commission, 1968. 80p.

Chairman : Prof. S.K. Bose,

Members : Shri G. Ramachandran ; Shri T.S. Avinashilingam ; Shri K. Kurvila Jacob ; Shri J.P. Naik ; Shri L.S. Chandrakant ; Col. S.G. Pendse ; Dr. (Smt.) Durgabai Deshmukh ; Dr. P.K. Kelkar.

Secretary : Shri A.H. Hemrajani.

### APPOINTMENT

At the concluding session of the last meeting of the Panel on Education, set up by the Planning Commission, the then Member (Education) Dr. V.K.R.V. Rao, announced the appointment of a Working Group on September 26-28, 1966.

### TERMS OF REFERENCE

"To consider the implications of the programme of Vocationalisation of Education and Work Experience."

### CONTENTS

Introduction ; Concept of Work Experience ; Contents of Work Experience ; Utilisation of Existing Facilities ; Training of Teachers ; Vocationalisation of Education ; Pilot Projects ; Appendices from I to X.

### RECOMMENDATIONS

#### Concept Of Work Experience

After considering the recommendation of the

Kothari Commission on the subject and the ideas underlying the teaching of craft in the basic system of education, the Group recommends that work experience in schools should include : (a) the practice of clean and healthy living, (b) the learning of elementary skills needed in every day life by the use of simple tools, leading to productive work, and (c) participation in socially useful activities in the school and in the community. The Group was of the view that work experience should be considered as a natural part of general education and should aim mainly at inculcating the habits of enquiry, careful observation and experimentation and developing the quality of self-reliance and the right attitude towards manual labour. The Group felt that these objectives could be achieved if work was done intelligently and not mechanically and was intimately related to the entire educational process. The Group also recommended that work in schools should be related to the environment of the pupil and the materials used should be such as are easily available locally. It was felt that work experience should be organised in a simple way without going in for elaborate and expensive equipment.

#### Contents Of Work Experience

Primary Stage (Classes I-V) : The Group agreed with the recommendations of the education Commission that work experience at this stage should take the form of simple hand work. The

Group also suggested that while teachers should be encouraged and given guidance for correlation of these activities with lessons in science and arithmetic, artificial and forced correlation should be avoided.

**Middle School Stage (Classed VI-VIII) :** The Group recommended that the following elementary skills should be imparted to all pupils :

- (a) Simple wood work;
- (b) Simple sheet metal work including soldering and brazing;
- (c) Simple electrical and electronic circuitry;
- (d) Very simple metal cutting and metal working without the use of machine tools;
- (e) Simple building craft;
- (f) Gardening;
- (g) Simple cutting and sewing by hand (for girls);
- (h) Knitting and darning (for girls).

The Group stressed that work experience should take the form of projects leading (a) to the acquisition of proper attitudes, and knowledge underlying life activities, (b) to the learning of manipulative skills, and (c) to the production of useful articles. The Group considered it necessary to emphasize that the object of work experience at this stage should not be to turn the pupil into a skilled worker. Apart from imparting the skills already indicated, the Group recommended that every encouragement should be given to schools to teach crafts such as cane and bamboo work, pottery, leather-work, needle-work, spinning and weaving etc., In addition, opportunities should be provided for productive work such as poultry-farming, fruit-canning, bee-keeping, etc. The Group suggested that six hours divided in 3 periods of 2 hours each should be provided every week in the school time-table for work experience.

**Lower Secondary Stage (Classes IX & X) :** The Group was of the view that the aim at this stage should be to impart one or two skills in a more intensive manner in a workshop which may be set up in the school or in a central workshop which may cater to the needs of a group of schools in a compact area. The Group emphasized that all such work must be production oriented. The Group also recommended that steps should be taken to set up such workshops on a pilot basis. However, since it would take a long time to provide workshop facilities for all pupils at this stage, the Group suggested that, in the interim period, the pupils should be engaged in assisting in other forms of productive work or in socially useful activities as a part of community development programme in the area. Community activities e.g. cleaning of the school campus and the like were also recommended. The Group also recommended that instead of organising work experience for a few hours each week, it would be more advantageous, at this stage, to release batches

of students to participate in programmes of work experience for a continuous period of about one month during a year.

In order to emphasize the importance of productive work in the educational requirement of a school student, the Working Group agreed to the suggestion that the School Leaving Certificate at the end of Standard X might be given in two parts. The first part dealing with academic attainment and the second part in respect of the skill of work attained. Until both the parts are successfully completed, the student should not be qualified for entry to standard XI or to a course of university study. In this way, it would be possible to give the necessary importance to the attaining of productive skill during this stage of school education.

**Higher Secondary Stage (Classes XI & XII) :** The Group felt that there were difficulties in introducing work experience at this stage, for the present, because ; (a) the setting up of higher secondary schools, as envisaged by the Education Commission, was still under debate and may not be effective in the coming three or four years, and (b) the success of work experience at this stage would depend on the skills acquired at the lower secondary stage, where a beginning is yet to be made. In view of these considerations, it was agreed that, for the present work experience at this stage should be limited to work on the school campus, community activities and social and national services.

#### Utilisation Of Existing Facilities

The Group laid great stress on the maximum utilisation of existing facilities for organising work experience programme. Such facilities existed in basic schools, senior basic schools, post basic schools, multi-purpose schools, technical high schools, junior technical schools etc.

**Primary Stage :** The Group felt that training in handicrafts should be a part of the normal training programme in the case of primary teachers. Wherever necessary, facilities for such training should be strengthened.

**Middle Stage :** The Group recommended that teachers already employed in these classes should be encouraged to teach elementary skills at this stage. Those who volunteer for this purpose should be given a course of about 6 months' duration in the Industrial Training Institutes or in the Regional Colleges of Education. On completion of their training, these teachers should be given a suitable allowance in addition to their normal salaries. Wherever necessary, master craftsmen may be engaged on a part-time basis to assist the school teachers.

**Lower Secondary Stage :** At this stage, there should be a specialised teacher for each skill and every school

should make provision for the teaching of at least two skills. These teachers should have received regular training as craft instructors in a C.T.I. or in a Regional College of Education or in similar institution.

#### Pilot Projects

The Group recommended that to begin with work experience should be introduced in all primary and middle schools. In the second phase, secondary schools of long standing and good reputation should be selected for introduction of work experience. Central workshops should be set up in large industrial centres. The Group suggested that the Central Government should bear, for a period of five years, the entire cost of pilot projects which should include : (a) the setting up in each State of a small number of central workshops, and (b) introduction of work experience in a limited number of schools in each State. The Group also suggested that each State should appoint an officer of the rank of Deputy Director of Technical Education to be in overall charge of the programme.

#### Vocationalisation Of Education

The Group agreed generally with the recommendations of the Kothari Commission regarding imparting of vocational training to those who leave the general school system at the end of classes VII/VIII & X. This training was to be imparted mainly in the technical, high schools, junior technical schools, I.T.Is. and polytechnics. To assist the students to choose the right type of vocational courses, the schools should develop sufficient vocational guidance services. The Group was of the opinion that the days unskilled labour were numbered and, therefore unskilled workers of all kinds should be given opportunities to acquire skills. Those who possessed some skills should be assisted to improve their skills. Thus, there should be nation-wide movement for the acquisition and upgrading of skills of all workers in the country. The Group agreed with the Kothari Commission that large number of part-time courses, evening courses, sandwich courses, etc., should be provided to raise the skills of all categories of workers and producers in the country.

## ADMINISTRATIVE REFORMS COMMISSION, WORKING GROUP ON STATE FINANCES AND CENTRE-STATE FINANCIAL RELATIONS, 1966 —REPORT

New Delhi, Administrative Reforms Commission, 1967. 342—402pp.  
(Bound with Study Team on Financial Administration).

**Chairman :** Dr. D.T. Lakadwala.

**Members :** Shri S.D. Deshmukh ; Dr. V.V. Bhatt ;  
Shri J.C. Luther, Shri D.G. Tungare ;  
Shri K. Ramakrishna Iyer.

**Convener :** Dr. D.R. Khatkhate.

#### APPOINTMENT

The Working Group on State Finances and Centre-State Financial Relationship was appointed by the Study Team on Financial Administration set up by the Administrative Reforms Commission. The Group was set up in October 1966.

#### TERMS OF REFERENCE

(i) With reference to the States, to examine and suggest improvements both generally and with particular

reference to development schemes in the Plan and outside it in—

(a) The methods and procedures relating to the formulation, presentation, approval and execution of the Budget ; and

(b) The systems of expenditure control with particular reference to the role of the Finance Departments of State Governments ;

(ii) To examine and suggest improvements in procedures for determining the quantum of Central assistance and the procedures involved in the release of such assistance by Union Government ;

(iii) To examine and suggest improvements in the present procedures relating to centrally sponsored and centrally assisted schemes in the State sector with particular reference to their co-ordination with the State

Plans ;

(iv) To examine and suggest improvements in the present procedures with regard to the borrowings by the States from the Public, from the Centre or the Reserve Bank of India.

## CONTENTS

Introduction ; Some Guiding Principles Relating to State Finances and Centre-State Financial Relations ; Budget and Control of Expenditure; Central Assistance; Borrowing Major Conclusions; Appendices from I to IV.

## RECOMMENDATIONS

I. The important considerations that have weighed with the Group in suggesting the nature of reforms in the procedures and practices relating to State finance and Centre-State financial relations are the need (i) to uphold and strengthen the unity of the country through such Central sanction and conditional freedom to the States as may be necessary to bring about the desired pace and pattern of Socio economic development, (ii) to limit the range of effective political decisions to fields for which the democratic method is suitable and to facilitate the rational attainment of the objectives.

II. The reforms proposed in the sphere of State finances are the following : (i) Since the budget represents an instrument of the Plan and since the approval of the budget has to be a political decision, the legislature should have enough information on the past performance, Plan objectives and the manner in which the budget seeks to attain them. To bring out the issues for political decision sharply, a Budget Committee of the legislature should report to the legislature with regard to the relationship of the budget with past performance and the Plan objectives ; (ii) the budget should cover comprehensive statement of all Government activities in order to facilitate the measurement of the impact of Government action on the economy. This calls for inclusion in the budget of not only the departmentally—run enterprise but also the public sector enterprises which are organised as corporate bodies ; (iii) Since the Plan embraces the whole economy and the budget is an instrument for realising the Plan objectives, it is necessary that the economic classification of the budget should accompany the other budgetary documents as is done in regard to the Central budget ; (iv) the budget should be fitted into the Plan framework and presented in such a way as to bring out clearly its relation with the Plan. Plan expenditure should cover all current as well as capital expenditure in the public sector ; (v) the budget is an action programme and no action programme can be formulated without detailed project reports. For this

reason, the budget should be based on schemes which are already well worked out. This would reduce delays, induce greater sense of responsibility and accountability in the spending agencies and enable the finance departments to control the pace and pattern of expenditure much more rationally than at present ; (vi) the various spending agencies should be induced to plan ahead for at least five years and for much greater number of well worked out projects than what they could implement in a year or two. This would help to budget more realistically for the expenditure.

III. There is a need for setting up a Finance Commission on a permanent basis to discharge the function of allocation of Central assistance falling in the following categories : (a) Statutory grants as given under the present Finance Commissions, (b) Plan assistance both by way of grants and loans which is currently given for agricultural and other social programmes ; (c) assistance given to the States for implementation of Centrally-Sponsored Schemes. The first two types of assistance should be solely on a grant basis and provided on automatic basis. The quantum of assistance so given should be determined broadly on the basis of the current surplus of the Central Government. It would devise criteria for allocating this assistance to the various States. A major portion of assistance may have to be on the criteria based on population, area and relative backwardness and the remaining assistance on the criteria related to performance in agricultural output or employment. Since some proportion of this assistance, though automatic and on non-discretionary basis, is related to agricultural performance of the States, the permanent Finance Commission has to review each State's performance at some interval with a view to adjusting its assistance according to the degree of achievement by each State. The Commission may lay down the proportions in which Central assistance should be purveyed to the various States as it would be difficult to indicate its precise magnitudes. The Commission should be headed by a person of eminence and Judicial bent of mind. His tenure should not be for more than five years with a possibility of extension for not more than one additional term. There should be two or three other members of the Commission, preferably with economic and administrative expertise.

The Central Assistance in category (III) that is, assistance for the centrally-sponsored schemes, should continue to be given on a scheme tied basis as it is given for specific purposes. The criteria for determining the nature and number of such schemes would be indicated when the Planning Commission would finalise the National and State Plans.

Over and above this, there is a fourth category of assistance, which related to the Central assistance for

identifiable projects of manufacturing or infra-structural nature such as irrigation, transport, power generation, water works, etc. It is in regard to this assistance that the group has proposed a radical departure from the existing practice. All Central assistance currently given for these projects should be channelised through the setting up of the National Development Bank so as to ensure its effective and efficient utilisation. The Bank would obtain its resources either by borrowing on its own from the public or from the current surplus of the Central Government after allowing for capital expenditure on defence and administration and grants to the States. This Bank would give loan assistance, generally to statutory corporations and companies in the public sector. The assistance that would be given by this Bank to the State Governments should be governed by the condition that the States should foot the bill in financing the projects up to a stipulated limit. It may also undertake granting softer types of loans and the analogy of the International Development Association—an affiliate of the World Bank. Such loans, however, would have to be confined to the infra-structure projects like irrigation, transport, etc., where the social rate of return is higher than private return.

For the comprehensive, integrated and cohesive view of the planning process in the context of the Centre-State financial relations, it is necessary to forge links between the Planning Commission, the permanent Finance Commission and the National Development Bank. One way of doing it is to make one or two members of the Planning Commission Vice-Presidents of

the proposed National Development Bank and the permanent Finance Commission.

There should be a limit on the State's borrowing from the Reserve Bank through either a constitutional provision or an amendment of the Reserve Bank of India Act. Through this, the limit of borrowing of the State Governments from the Reserve Bank can be fixed in certain proportion of their current revenue resources. Such a practice is prevalent in many countries such as Malaysia, the Philippines, Canada, West Germany, etc. Alternatively, the State Governments may be prohibited from borrowing from the Reserve Bank altogether. They may be asked to borrow instead from the commercial banks for meeting their short-term credit requirements. The Reserve Bank can control the expenditure of the States Government's borrowing from the Commercial Banks through the normal machinery of credit control. This is a practice which is adopted with success in the United States.

There should be one centralised borrowing programme in the country and that should be undertaken largely by the National Development Bank. If the Central Government is required to float loans for non-business expenditure to be met out of borrowing, it can do so either by taking loans from the proposed National Development Bank or directly from the public.

As regards small savings, the Group felt that the emphasis should be only on mobilisation of small savings through the Post Office Savings Banks as it felt that no benefit accrues to the Government from the savings collected through the Small Saving Certificates.

## INQUIRY INTO THE ACCIDENT INVOLVING TRAIN NO. 22 DOWN, NORTH BIHAR EXPRESS AT LUCKEESARAI STATION OF EASTERN RAILWAY ON OCTOBER 24, 1966—REPORT

Delhi, Manager of Publications, 1970. 16p.

**One-man  
Commission :** Shri A K. Gupta.

Notification No. 1926-T dated March 19, 1930, on October 24, 1966.

### APPOINTMENT

The Commission was constituted under the Ministry of Tourism and Civil Aviation (Commission of Railway Safety) in accordance with rule 8 of Railway Board's

### TERMS OF REFERENCE

To inquire on the accident which occurred at Luckeesarai Station of Eastern Railway at about 00.22 hours on October 24, 1966.

COMMITTEES AND COMMISSIONS



## CONTENTS

Summary; Inquiry and Inspection; The Accident; Casualties; Damage; Description of the Site; Maximum Permissible Speed; Composition of the Train; Relief Measures; Restoration of Train Service; Summary of Evidence; Discussion (Time of Accident; Speed; Visibility of and from the Site; Whistling by the Driver; Rules for Crossing Railway Lines; Entering Carriage in Motion, or Otherwise Improperly Travelling on a Railway; Trespass and Refusal to Desist from Trespass; Endangering Safety of Persons Travelling by Railway by Wilful act or Omission; Habits of Rail-Travellers and Statistics of Run-Over Persons at Railway Stations; Sequence of Events; Responsibility; Allegation in the Press and Elsewhere; Comments on Relief Measures); Conclusions and Remarks Appendix A; Government's Views on Paras 42, 43 and Recommendation No 4 of the Report.

## CONCLUSIONS

From the evidence available before me, I have arrived at the conclusion that the accident, which occurred at Luckesarai Station on the night of 23rd and 24th October 1966, was caused by the prospective rail-travellers in attempting to cross the railway line in the face of approaching Train No 22 Down, North Bihar Express. The above persons are only to be blamed for the accident, since they risked their lives due to their own action by not using the foot-over-bridge provided nearly for the purpose of crossing the lines safely. I do not hold any railway employee or the Railway Administration responsible for not averting the accident.

Despite the criticisms made in certain quarters, I feel that the relief measures rendered were satisfactory under the circumstances and that the injured got medical assistance at the site and also thereafter in the hospitals.

It may be seen from Paragraph 1 of the Report that so far as this accident, though attended with loss of as many as 32 lives, is concerned, its investigation is not obligatory under the present rules, on the part of this Commission, an organisation set up by the Government, with a view to probing into railway accidents and giving an impartial version to the public with freedom from the influence of the Railway Authorities. It may be appreciated that for such a major accident, a statutory inquiry should be obligatory and not discretionary. The extant rules, referred to, are known as "Rules

regarding notices of and inquiries into accidents", prepared by the Railway Board under the powers delegated to them by the Viceroy (now President) of India under section 84 of the Indian Railways Act, 1890 (IX of 1890). These rules were recently under revision by the Railway Board and on a reference the views of this organisation were offered some of which views were also accepted by them. But the other suggestions were turned down by them, while some were not at all considered; and under these circumstances the Railway Board hastened to issue their revised rules in cyclostyled forms. It may be pointed out that the printed issue of these Rules was last published in 1930, good 36 years ago. Since then there have been so many changes in the country including separation of the Railway Inspectorate (now Commission of Railway Safety) from the Railway Board, and the least the Board could do was to consider the views of this organisation fully before taking a final decision in the matter. It will perhaps be a matter of great disappointment to note that the Railway Board bluntly refused to give even clarification of certain provisions made in the above Rules which are incumbent on this Commission to observe.

Arising out of a resolution, initiated by the Legislative Assembly (present Lok Sabha) in 1939, approved by the Council of State (present Rajya Sabha) in 1940, the Government of India passed orders as a result of which the Railway Inspectorate (present Commission of Railway Safety) was separated from the Railway Board in 1911. This was done in order that the officers of this organisation might be able to express their views, emanating from their statutory inquiries into railway accidents, etc., in a dispassionate manner, being absolutely free from any sense of fear or favour from the Railway Authorities. If, however, the officers of this Commission have to comply with the provisions in the rules, framed to suit the convenience of the Railway Board, then the independence of the Organisation, vested in the Commission by the Parliament, is apt to be much vitiated and the very object of the above Government orders will be defeated. In order to maintain the spirit of the above orders passed by the Government, it is apparent that, in the fitness of things the powers to make "Rules regarding notices of and inquiries into accidents" under Section 84 of the Indian Railways Act 1890 (IX of 1890), which were not transferred in 1941, should now be vested in the Ministry of Transport and Aviation under which this Commission of Railway Safety functions.

# STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES, 1966—REPORT ON ANDAMAN AND NICOBAR ISLANDS

New Delhi, Planning Commission, Committee on Plan Projects, 1966. 70p.

Chairman : Shri P. Shilu Ao.

Members : Shri L.M. Shrikant; Shri B. Mehta  
(replaced by Shri T. Sivasankar).

Secretary : Shri Mohan Lal (replaced Dr. G.D.  
Patel).

## APPOINTMENT

Programmes for the welfare and development of scheduled tribes form an integral part of the Five Year Plans. Although significant progress has been achieved in several directions, it is important that during the fourth and fifth plan periods the process of economic and social development among tribal communities should be greatly accelerated. Rising levels of well-being growing economic opportunities and population are essential, both for the welfare of tribal communities and the progress of the country as a whole.

The draft outline of the Fourth-Five Year Plan provides substantial resources for special programmes for that indicates a number of directions in which current development programmes should be oriented. In the light of past experience, it has become essential that the schemes formulated should enable the tribal communities to secure an adequate share in the benefits of general development programmes and speed up their economic and social advance with the object to these recommendations and assisting, State Government involving concrete schemes of development which are specially adapted to the needs and conditions of tribal areas at the suggestion of the Planning Commission. The Government of India Planning Commission, Committee on Plan Projects have set up Study Team on tribal Development Programmes vide their resolutions No. Opp./Adm./16(1) 66 dated October 26, 1966.

## TERMS OF REFERENCE

(a) Study the problems and needs of the tribal communities in each State.

(b) Appraise the working of Tribal Development Programmes, especially during the Third Five Year Plan.

(c) Ascertain how far the schemes formulated so far have enabled the tribal communities secure an adequate share in the benefits accruing from the general development programmes ;

(d) Make detailed recommendations regarding the lines on which the schemes should be oriented in the Fourth Plan to accelerate progress ; and

(e) Suggest measures for strengthening the administrative machinery and harnessing tribal leadership and institution to ensure their fullest participation in the tasks of economic and social development.

## CONTENTS

Preface ; The Area and the People ; Administration ; Development Plans ; Land System and Indebtedness ; Agriculture, Animal Husbandry and Fisheries ; Forests ; Community Development, Panchayati Raj and Cooperation ; Industries and Minerals ; Transport and Communications ; Education ; Health and Housing ; Summary of Recommendations and Conclusions ; Annexures from I to IV.

## RECOMMENDATIONS

### The Area And The People

While appreciating that the task of tribal development in an area like the Andaman and Nicobars, bristles with difficulties especially when the tribes are hostile, as in the case of Jarwas and Sentinelese, the Study Team feels that the policy of drift and letting them alone is not appropriate in the present fast moving age of advanced technology. The Team, therefore, endorses the view of the Inter-Departmental Team on Accelerated Development Programme for Andaman and Nicobar Islands that a reconsideration of the policy is necessary.

The Government may commission the services of experienced social Anthropologists to make a detailed study of the present stage of development of each tribal community in the Territory, and having regard to their traditions, customs, and usages, offer suggestions for taking up suitable programmes for their development. The help of voluntary agencies working among the tribal communities may also be usefully enlisted so that dedicated social workers may be deputed to work among the tribes and establish closer contacts with them.

The Team feels that the pace of tribal development could be accelerated if a special cell is set up for tribal

## COMMITTEES AND COMMISSIONS

development under the Chief Commissioner. A Tribal Welfare Officer should also be appointed to look after the Welfare of Nicobarese. This officer should be provided with a motor boat and a jeep to enable him to travel in and around the Islands. It is also desirable to appoint Deputy Directors for tribal welfare—one for Andaman group of Islands and the other for the Nicobar group of Islands. The entire work in the Territory should be coordinated by a Director of Tribal Welfare at the State level.

During the tour, it was brought to the notice of the Team that there is an Anthropological Section of the Anthropological Survey of India (Calcutta), Government of India, located in Port Blair. The Section made some studies of the tribals in the Islands. It was felt that it would have been useful if the results of the studies had been utilised in the planning process. For achieving greater coordination and co-operation between the Anthropological section and the Administration of the Islands, it was suggested that the section should function under the administrative control of the Chief Commissioner, the technical control remaining with the Anthropological Survey of India, Calcutta.

#### Development Plans

Having regard to the peculiar problems of the tribal population in the Islands, it is necessary to undertake special schemes for the development of different tribes to meet their felt needs and to suit the local conditions of each tribe and the area inhabited by it.

It is important that planning should be preceded by socio-economic surveys to help the planners with the data concerning the felt needs of the tribals and the conditions obtaining in the Islands which they inhabit while formulating programmes for them. The Study Team suggests that high priority should be given to the Socio-economic Surveys in the tribal areas in the Territory during the Fourth Plan.

#### Agriculture, Animal Husbandry And Fisheries

In the progeny orchard cum-nursery at Car Nicobar, out of an area of 50 acres of orchard, 2 acres are under vegetables; mango trees, papaya, etc., have also been planted. Because the tribals have adopted line plantation of coconut, it is possible to raise these crops in the same area. The Team feels that more vegetables could be raised to increase food production.

About one-third of the coconut crop is consumed by pigs in the Nicobar Islands. The Team is of the view that the consumption of coconut by pigs should be reduced by providing alternative food, such as maize. It is also necessary that kitchen-gardens are started by the tribals to supplement their food requirements.

Rev. Bishop Richardson has made an experiment

in paddy cultivation in Car Nicobar. This has proved successful. The Team recommends that facilities may be provided by the Administration to start more paddy farms in the area.

The Nicobarese are being persuaded to take up cultivation on a permanent basis. To ensure success it is necessary that adequate irrigation facilities are provided in the Nicobar Islands.

#### Community Department And Panchayati Raj And Cooperation

During the tour of Nicobar Islands, the Team found that the traditional Panchayats were functioning quite efficiently. The statutory Panchayats have not made any impact of the socio-economic life of the rural population. The Team, therefore, feels that there is no need to introduce statutory Panchayats under the Andaman and Nicobar Islands, Gram Panchayat Regulation, 1961, so far as the Nicobar Islands are concerned.

#### Industries And Minerals

The Training Centre in Blacksmithy was not able to function properly because of lack of equipment and raw material. The Training and Production Centres in Carpentry were also not functioning well because of lack of trainers, heavy overhead costs and inadequate equipment. Similar was the case with the Women Training Centre in Tailoring and Garment-making. The Team suggests that the Administration may review the working of these Centres and take such steps as may be necessary to improve their functioning.

#### Transport And Communications

The Team understands that the present runway of the Port Blair Airport is not suitable for bigger planes. The Team therefore, recommends that the facilities at the Port Blair Airport may be improved and enlarged so as to make it possible for bigger planes to operate on this route. The care should be taken to have a non-stop air service between the Island and the Mainland.

The Administration may look into the causes for the poor response from the students in the Territory for undergoing technical courses. In view of the fact that for the implementation of the development programmes launched in the Territory there will be an increasing demand for technical manpower, it is suggested that the desirability of opening an Industrial Training Institute or a Polytechnic in the Islands may be examined by the Administration.

#### Health and Housing

A large number of posts of Medical Officers have been lying vacant in this territory. The Team considers that

this is not a satisfactory state of affairs and suggests that the position may be reviewed at a high level so that the Territory has its full quota of doctors

The Study Team would urge early implementation of the suggestion of the Inter-Departmental Team on Accelerated Development Programme for Andaman and Nicobar Islands, owing to difficulties communications and transportations, all hospitals should provide both preventive and curative services and all public health activities, including the national programmes, should be made a part of the responsibility of the medical officers of hospitals and all future primary health centres.

Trachoma is found in 90 per cent of the population while other eye diseases are also widely prevalent in the

Nicobar group of Islands. A special programme for the treatment of eye diseases, if therefore, needed for the Nicobar Islands.

Onges are found to suffer from skin disease in Little Andaman. It is therefore, necessary to provide medical facilities for the treatment of skin diseases to the tribals in the Island.

The Team is gratified to learn that Allopathic Department is becoming popular among the tribals. In order, however, to secure greater voluntary acceptability of the tribals to vaccination and medical treatment, the Administration may examine the desirability of undertaking health education and publicity measures.

## **STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES 1966—REPORT ON ANDHRA PRADESH**

New Delhi, Planning Commission, Committee on Plan Projects, 1966. 109p.

Chairman : Shri P. Shilu Ao.

Members : Shri L. M. Shrikant ; Shri B. Mehta (Replaced by Shri T. Sivasankar).

Secretary : Shri Mohan Lal (replaced Dr. G.D. Patel).

### **APPOINTMENT**

Programmes for the welfare and development of scheduled tribes form an integral part of the Five Year Plans. Although significant progress has been achieved in several directions, it is important that during the fourth and fifth plan periods, the process of economic and social development should be greatly accelerated. Rising levels of well being, growing economic opportunities and greater integration with the rest of the population are essential both for the welfare of tribal communities and progress of the country as a whole.

The draft outline of the Fourth Five Year Plan periods substantial resources for the special programmes for the welfare of the number of directions in which current development programmes should be reoriented. In the light of past experience, it has become essential that the schemes formulated should enable the tribal communities to secure an adequate share in the benefits of general development programmes and speed up their economic and social advance. With the object of giving practical effect to these recommendations and assisting State Government in evolving concrete schemes of

development which are specially adapted to the needs and conditions of tribal areas at the suggestion of the Planning Commission. The Government of India Planning Commission, Committee of Plan Projects have set up Study Team on Tribal Development Programmes vide their Resolutions No. Opp./Adm/16(1)66 Dated October 26, 1966.

### **TERMS OF REFERENCE**

(a) Study the problems and needs of the tribal communities in each State ;

(b) Appraise the working of Tribal Development Programmes, especially during the Third Five Year Plan ;

(c) Ascertain how far the schemes formulated so far have enabled the tribal communities to secure an adequate share in the benefits accruing from the general development programmes ;

(d) Make detailed recommendations regarding the lines on which the scheme should be oriented in the fourth plan to accelerated progress ; and

(e) suggested measures for strengthening the administrative machinery and harnessing tribal leadership and institutions so as to ensure their fullest participation in the tasks of economic and social development.

### **CONTENTS**

Preface ; Tribal Areas and the People ; Development Plans ; Administration ; Agriculture ; Forests ; Land

Problem and Indebtedness ; Education ; Community Development ; Panchayati Raj and Cooperation ; Industries, Minerals and Power ; Transport and Communications ; Medical, Public Health and Housing, Research and Training ; Summary of Recommendations and Conclusions ; Annexures from I to VI.

## RECOMMENDATIONS

### Tribal Area And the People

The aim of tribal welfare policy should be defined as the progressive advancement, social and economic of the tribals with a view to their integration with the rest of the community on a footing of equality within a measurable distance of time.

### Development Plans

Much of the wastage in the implementation of Tribal Development Programmes could have been avoided if planning had been preceded by a socio-economic survey of the tribal areas to help the planners with the data concerning the felt needs of the tribals and the conditions obtaining in the regions which they inhabit.

### Administration

In view of the fairly large tribal population in Andhra Pradesh, a convention should be established under which a Minister of Cabinet rank should be incharge of the subject of tribal welfare with the assistance of a Deputy, if necessary.

The administrative implications of the new set up, under which the responsibility for the implementation of the tribal welfare schemes has developed on the Director of Tribal Welfare, should be spelt out clearly so as to leave no room for ambiguity in the minds of Heads of Departments regarding their own responsibility in this regard. While the administrative control may vest in the Director of Tribal Welfare, technical control and guidance in respect of schemes of a technical nature should continue to vest in the Departments concerned.

The lack of rapport between the District Officers and the tribal population has facilitated the propagation of subversive propaganda amongst the tribals by interested parties cut to foment trouble in the Agency areas of Srikakulam district.

The State Government may examine the implications of constituting the extensive tribal belt from Srikakulam to West Godavari into two separate districts and see whether the appreciable increase in administrative expenditure, implicit in the proposed reorganisation, can be justified by the very definite advantages which will accrue to the tribal areas under the new arrangement.

For the efficient discharge of its functions, the Tribes Advisory Council should meet regularly and frequently.

While great care should be taken in the selection of voluntary agencies to work in the tribal areas it would be politically unwise and administratively inexpedient to dispense with their assistance altogether in tribal welfare work.

### Agriculture

(a) The legal lacuna which has held up the survey and settlement operations should be removed forthwith by the issue of a regulation extending the Madras Survey and Boundaries Act to the Agency areas ; and

(b) Resolute action should be taken to complete the Survey and Settlement operations in the interests alike of the tribals of the State Exchequer. There should be no delay in the grant of pattas to the cultivators.

The Study Team trusts that the courageous announcement of the Chief Minister of Andhra Pradesh that land illegally grabbed from the tribals will be restored to them,—an announcement which will go down as the Magna Carta of tribal rights in land,—will be followed by the early abolition of the 'Mattadari' system.

In view of the ready market for coffee, a survey may be made of the areas suitable for coffee cultivation in the Agency tracts and steps taken to expand coffee cultivation. While the initial expenditure may be met by the State Government, the tribals may be associated as partners in the enterprise receiving wages for the work done during the period of development and a share of the profits after the plantations begin to yield.

The S.T.C.F. & D. Corporation can play a useful role in the marketing of potatoes grown in the Araku Valley. As Hydro-electric power is available at Maehkund, it should be possible to extend the transmission lines to selected places where cold storage plants for the preservation of potatoes may be set up.

As there is ready market for silk yarn it should not be difficult for the Cooperative Department or the S.T.C.F. & D. Corporation to organise the purchase and marketing of silk yarn for the benefit of the tribals.

Before embarking on lavish expenditure in starting new land colonisation schemes, the customs and habits of the tribals should be studied and the prospects of success assessed after a thorough investigation. In the implementation of the scheme steps should be taken to anticipate and avoid the mistake which led to the failure of similar schemes in the past.

As the Panchayat Samitis with their limited resources will not be able to repair the irrigation tanks in the near future, an officer of the rank of an Executive Engineer may be appointed to be incharge of the

repairs of the tanks in accordance with a phased programme. The officer may work under the administrative control of the Director of Tribal Welfare.

For repair and maintenance of irrigation sources for which the Blocks are responsible the limit of the ayacut in the Telangana region may be raised from 100 acres to 200 acres.

The belt of land lying between the hills and the Godavari river in Bhadrachalam Block is very fertile. Considerable areas in this belt can be brought under irrigation if a systematic survey is made of irrigation potentialities of the 'vagus' flowing into the Godavari and the construction of check dams taken up in accordance with a phased programmes.

The subsidy of Rs. 750 admissible alike to tribals and non-tribals for the construction of an irrigation well should be raised at least to Rs. 1000 in the case of tribals.

To enable the tribals to purchase pumping sets, Government may advance the full amount, half as subsidy and half as loan. The scheme for the grant of subsidy for the purchase of pumping sets to the tribals now in force in Maharashtra, may be extended to the tribals in Andhra Pradesh, the subsidy ranging from 50 per cent to 75 per cent depending on the merits of each individual case.

To make irrigation facilities available to small farmers a mobile-pumping set may be placed at the disposal of the Bhadrachalam Panchayat Saniti which will make the set available on rotation to tribals owning small holdings for a small charge.

The demand for a popular contribution for minor irrigation schemes has placed the tribal communities in a disadvantageous position and if the demand cannot be waived altogether the contribution should be obtained in the shape of labour.

Special steps should be taken to popularise and extend the piggery programmes in the tribal areas in the Fourth Plan period, substituting wherever possible, the pure bred exotic types by crossbred types.

While drawing up schemes to be taken up in the Fourth Plan period the amount available for Animal Husbandry in the tribal areas should include not only the special provision made for it but also a reasonable share of the funds from the general development provision.

Additional staff may be sanctioned to ensure that Animal Husbandry Schemes do not suffer for want of men to implement them.

The question of giving training to Yanadis of the Nellore district in the use of power boats for fishing may be considered.

## Forests

A senior officer of the Revenue Department, preferably a Member of the Board of Revenue may be appointed to examine the complaints of the tribals and see to what extent their grievances are genuine and shall be redressed. It should be possible to reconcile the interests of forestry with the needs of tribals.

Timber for agricultural purposes and bona fide domestic use should be allowed on a uniform basis throughout the State.

Rules should be framed under the Andhra Pradesh Forest Act, 1967 without further delay to ensure uniformity in the exercise of forest rights by the tribals.

The State Government should intensify the programme for raising coffee plantation and take steps to extend coffee cultivation in the Agency areas.

The State Government may consider appointing a Special Officer to go into the cases in which lands have passed to non-tribals through benami transactions and see that the lands are restored to the tribals.

If registration with Employment Exchange in the matter of employment cannot be dispensed with altogether, the Block Development Officer should be authorised to perform the functions of Employment Exchange in the case of the tribals and it should be open to him to forward direct to the recruiting authorities the names of the tribals registered on his rolls.

To Konda Cooperative Society has not received a fair deal at the hands of the Forest Department. If the State Government in its desire to promote the development of industries wanted to give the coupes at concessional rates to industrialists, they could have given some other coupes to the Cooperative Society, fixing for them a reasonable upset price.

## Land Problem And Indebtedness

Special officers may be appointed to make a summary enquiry into the ownership of lands under the occupation of non-tribals and restore to the original owners, where they can be traced, the lands from which they were illegally dispossessed, or resume such lands for assignment to the tribals in case where the original cultivators cannot be traced or do not come forward to claim them. If legislation is necessary for the purpose, it should be undertaken.

There should be no further delay in the framing of rules under the Land Transfer Regulation 1959 and the Money-lending Regulation 1960.

A Committee may be appointed consisting of a retired High Court Judge as Chairman and an Anthropologist and a Social Worker of an All India Tribal Organisation as members to examine the judicial systems prevailing in the tribal courts and suggest such amend-

ments as may be necessary to suit the conditions as they obtain to-day.

Section 3 of the Moneylenders' Regulation Act 1960 should be amended so as to cover money-lending in Scheduled Areas by persons residing in places outside these areas.

The Land Tenure Regulation, 1959 may be amended so as to enable the tribals to mortgage their lands to Cooperative Societies and other approved credit agencies for securing loans

While propaganda by voluntary agencies is necessary to make the tribals aware of the protective nature of the Regulations, an evasion of its provisions cannot be prevented so long as the State is unable to meet the demand for credit in the tribal areas.

A solution of the problem of indebtedness lies ultimately in the economic advance of the tribals, in an improvement in their ability to repay which such an advance implies and in education which alone can lead to the emergence of leadership within the community capable of persuading the tribals to avoid wasteful spending and extravagant expenditure on tribal ceremonies and rituals.

#### Education

There is no correlation between the number of primary, Higher Elementary and High Schools. As the limited number of High Schools cannot attract tribal students from distant places, wastage will continue to be high.

Instead of starting a large number of primary schools, Ashram Schools may be opened for groups of villages at selected centres

It would be better to concentrate attention on the education of the younger generation than to diffuse resources and effort on activities like adult education which are mere copies of schemes meant for the more advanced communities.

An adequate inspecting agency should be appointed for the regular inspection of schools run by voluntary organisations and grants made after a thorough scrutiny of their work. The inspections should preferably be "surprise inspections."

The multiplicity of agencies in charge of education in the tribal areas does not make for efficiency. It would be desirable to bring all the schools under the administrative control of the Director of Tribal Welfare who may be assisted by an officer of the rank of D.E.O. deputed by the Department of Education.

Balwadis may be started at selected centres in the tribal areas of the State where nutritious food is given to children in the age group of 3 to 5.

It should be possible to draw up a scheme for spotting talent and watching the progress of promising

tribal students.

The absence of a scheme for a systematic 'follow up' accounts for much of the wastage noticed in the education of tribals.

#### Community Development, Panchayati Raj & Cooperation

The scheme of reorganisation of District Administration recommended by the Raju Committee is a definite improvement on the existing set up and should be given a fair trial.

An upper limit may be fixed on expenditure on a establishment by limiting it to a reasonable percentage of the income of the Panchayat.

To prevent non-tribals from dominating the Standing Committees it may be necessary to stipulate that the tribal representation should not fall below the percentage of the tribal population in the Block.

Resources earmarked for the tribals should not be diverted for the benefit of non-tribals and it is important that steps should be taken urgently to revise the procedure to ensure that the benefits of the schemes reach the tribals.

The failure of Cooperative Societies is not peculiar to the tribal areas. But as the causes of the failure are not the same as those which have brought about their failure amongst the more advanced communities the State Government may appoint a Committee to review the working of the cooperative movement in the tribal areas and recommend such structural change as may be considered necessary to make the movement a success. In a primitive society official guidance is not only not retrograde but is necessary.

The law prohibiting the alienation of land should be amended so as to enable the tribals to mortgage their lands to Cooperative Societies, Government Institutions and Panchayati Raj bodies for the purpose of obtaining loans.

To avoid overlapping of the activities of the S.T.C. F&D Corporation and of the Cooperative Societies it may be useful to examine whether it is not feasible to make the Corporation an 'Apex' organisation of which the cooperatives operating in the tribal areas may be subsidiaries.

A high level Committee be appointed to examine the working of the corporation and make recommendations regarding the corporation and make recommendations regarding the action to be taken.

(a) To remove the difficulties which have hampered its working and stood in the way of an expansion of its activities; and

(b) To ensure coordination of the activities of the corporation with those of the Cooperative Societies which are performing parallel functions.



## Industries, Minerals And Powers

If geological investigations reveal the existence of exploitable quantities of the necessary minerals, the question of starting industries for the manufacture of cement and paint and for mining coal and manufacturing pencils may be considered.

Technical training programme for tribals should be so oriented as to enable the trainees to find employment in the industries started in the area.

Tribal economy will receive a tremendous impetus if the fertile areas of Agency like Araku are electrified. Electrification of these areas, which are within easy distance of the Machkund Hydro-electric Project, should not present any difficulty and if necessary should be subsidised.

## Transport And Communications

To facilitate transport and to avoid inconvenience to the tribals, early steps should be taken to construct the missing culverts on the Khalapur Paderu Road.

## Medical, Public Health and Housing

To provide medical assistance to villages in accessible areas in the Bhadrachalam Block, the bullock cart

scheme which was in force and had been suspended in the expectation that the unit would be replaced by a mobile medical van may be revived until such time as the mobile van is ready to take its place.

The construction of residential quarters for medical officers and their staff should be given priority as there is no point in opening dispensaries in tribal areas if doctors cannot be attracted to serve in them.

As the stipulation making the people's contribution and the donation of 2 acres of land a necessary condition has since been withdrawn, the Study Team trusts that a more national policy will be adopted in the location of Primary Health Centres. Villages which have an inadequate water supply should obviously be given priority in any programme of well construction.

Instead of dispersing effort over a large number of Small Housing Schemes it would be sounder policy to draw up a phased programme of house building for plains tribals providing for the construction of a reasonable number of houses at a few selected centres every year.

The State Government may consider the suggestion of acquiring land for house-sites, for tribals in the Delta area where land prices are high.

# STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES, 1966—REPORT ON ASSAM

New Delhi, Planning Commission, Committee on Plan Projects, 1966. 181p.

Chairman : Shri P. Shilu Ao.

Members : Shri L. M. Shrikant ; Shri B. Mehta  
(replaced by Shri T. Sivasankar).

Secretary : Shri Mohan Lal (replaced Dr. G. D. Patel)

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- (a) Study the problems and needs of the tribal communities in each State ;
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## CONTENTS

Preface ; Background Information ; Tribal Areas and the People ; Administration ; Development Plans ; Land Problems ; Permanent Settlement of Villages and Indebtedness ; Agriculture, Forests ; Community Development, Panchayati Raj and Cooperation ; Industry ; Minerals and Power ; Transport and Communications ; Education, Medical and Public Health ; Research and Training ; Summary of Recommendations and Conclusions, Annexures I to X

## RECOMMENDATIONS

### Tribal Areas And The Peoples

The State Government may set up a Committee under the Chairmanship of the Chief Minister, on the lines of the committee constituted at the Centre, to examine periodically the position and review the performance in the matter of recruitment of Scheduled Castes and Scheduled Tribes in Service/posts in or under the State Government and its Public Undertakings.

### Administration

Considering the large tribal population of the State and the magnitude of the problem of tribal development, the Team feels that there is need to have a separate Directorate of Tribal Welfare under the Tribal Areas and Welfare of Backward Classes Department.

At the district level there is no single officer responsible for tribal welfare work. The Team feels that this is a lacuna in the administrative structure which should be immediately removed by appointing, as in other States, District Tribal Welfare Officers of adequate status to assist the Deputy Commissioner.

A major reorganisation of the existing administrative set up is bound to follow as a corollary to the formation of the Autonomous Hill State of Maghalaya. While the pattern of administration applicable to the tribal communities of the Hill Districts will be evolved by the autonomous Administration when it is formed, the responsibility for seeing that the interests of the plains tribals, who are relatively backward, are adequately safeguarded will devolve on the State Government. The Study Team feels that any machinery that may be set up to look after the plains tribals should be such as to ensure that they are brought on par with the rest of the Community within a period of 10 years.

### Land Problems, Permanent Settlement Of Villages And Indebtedness

As the evil of land alienation is deep rooted, a Committee consisting of local leaders and officials should be appointed to investigate the causes of land alienation and allied problems and recommend to the Government measures of restoring to them, to the tribal owners lands which have been illegally alienated, and, on the other hand, to prevent cases of land alienation in future.

For the setting up of model villages, only such areas should be selected where sufficient cultivable land is available with perennial sources of irrigation. While planning these villages, some area may be earmarked for jhuming to enable the tribals. Some areas may be earmarked to settled cultivation practices, the practise atleast during the initial stages, jhuming side by side with permanent cultivation.

Settled cultivation is something new to the tribals and they need assistance and guidance before they can acquire the techniques of settled cultivation. It is necessary for this purpose that an officer from the Agriculture Department should be posted in a model village to provide guidance to the newly settled families. The soil conservation and General Agriculture Departments should introduce orchard cultivation and improved methods of cultivation of crops. Every model villages should have its own village forest to check the tendency to encroach on reserved forests. Facilities like roads, schools, primary health centres, etc., should be provided. It is also necessary that a Field Welfare Officer is appointed for these villages to look after the interests of families settled there.

The Team feels that the model village schemes should receive high priority in a district like Mikir Hills as villages in the district are scattered and are generally of small size, consisting in some cases of 10 families or less. Since the State Government does not have the resources to finance a large scale programme, the Central Government should give reasonable assistance

to the State Government for the purpose. The scheme should, however, be taken up in a phased manner and to start with only a few villages should be started on an experimental basis in each areas. It is important to ensure success of the experiment at failure will make other village shy away from the scheme.

While the three surveyors conducted in the United Mikir and North Cachar Hills district provided certain useful information, they had their limitations as they were undertaken mainly for the purpose of providing background materials. The team would, therefore, stress the need for conducting a comprehensive socio-economic survey of the district and recommends that such a survey may be undertaken as a matter of priority. So as to enable undertaking of Schemes to meet the felt needs of the people as well as securing the optimum utilisation of the local resources.

The Study Team understands that for Garo Hills district, a detailed plan for the shifting and regrouping of entire population living in hemelets consisting of less than 20 households has been submitted to the State Government. As this will involve heavy expenditure, it may not be possible for the State Government or even the Central Government to provide the finances needed for such an ambitious scheme. Further any setback to the programme of regrouping would cause a revulsion of feeling amongst the tribals and bring the whole Scheme into disrepute. The Study Team therefore, recommends that only Pilot Scheme of regrouping of the villages should be taken up to start with.

The Mizo and Mikir Hills district Councils have made separate Regulations for the regulation and control money-lending by non-tribals in their respective districts. There is need to introduce such Regulations in the other hill districts as well.

As relief from indebtedness is a pre-condition for the social and economic advancement of the tribals, the Team recommends that early steps may be taken to set up a Tribal Debt Redemption and Loans Board in the State. To start with, the Board may take up a Pilot Scheme in a few selected tribal customs and usages. Side by side with the provision of credit, it will be necessary to undertake propaganda through the publicity machinery of the State Government, local leadership and voluntary and non-official agencies, to dissuade the tribals from incurring unproductive expenditure and educate them on the advantages of approaching Government agencies for loans.

### Agriculture

The Study Team makes the following recommendations for accelerating the pace of development of agriculture in the Garo Hills district.

A Socio-economic survey of the district should be

undertaken for assessment of needs and problems of the people and to ascertain the agricultural potential in the district. Future Planning for the district should be based on the results of such a Survey.

Demonstration Centres at suitable places should be established for demonstrating to the people methods of controlling 'Jhuming' such as terrace cultivation. The Government should provide the necessary facilities to the cultivators who take to terracing. As there is a likelihood of a fall in yields in the initial stages and the emergence of some other discouraging factors, the cultivators should not be left to themselves to experiment but should be given the necessary guidance and help.

The selection of pilot settlement schemes should be made jointly by Government Officers and non-officials and the proposals should be approved by the District Development Board.

Land Reclamation Schemes like the one undertaken by National Christian Council, should be taken up in areas where flat lands offering scope for irrigation facilities are available. A survey to locate such areas should be undertaken on a priority basis.

Government should take steps to ensure that areas reclaimed at considerable cost are not abandoned after a few years.

Reclamation schemes should be taken up on hills where sufficient land is available and where rain fed crops could easily be grown. A survey should be taken up to locate such areas.

A survey of irrigation potential should be conducted with a view to taking up irrigation works in the district.

A cattle farm should be established in the district for the supply of milch, draught and breeding animals.

For the development of agriculture in the United Khasi and Jaintia Hills district the Study Team recommends that :

Permanent irrigation works should be constructed wherever possible, so that the expenditure on 'Katcha' works which are washed away every year during the floods, is kept to the minimum.

Proper arrangements for the marketing of oranges, pine apples and other fruits grown in the border areas should be made. For this purpose the State Government may either provide adequate transport facilities or arrange for the purchase of the produce in bulk by a Governmental agency.

To enable the producers to get a better price, the State Government should examine the possibility of setting up cold storages at central places where villagers can store their produce on nominal charges. The feasibility of setting up a canning factory at a central place may also be examined.

Adequate publicity should be given regarding the

loan facilities by the development staff to enable the people to take advantage of the scheme. The procedure should not be cumbersome as at present and should be streamlined.

A Socio-economic Survey should be conducted by a joint team of experts of Agriculture, Soil Conservation, Irrigation and other development departments. If necessary, some non-officials may also be associated with the survey.

The Study Team makes the following recommendations for the United Mikir and North Hills district.

A Socio-economic Survey of the district should be conducted by a team of officers drawn from the Agriculture, Soil Conservation, Irrigation and other Development Departments to assess the needs and problems of the people and deciding the priorities of Plan programme.

The Department of Social Conservation should take up more schemes of land development and reclamation of waste lands. The reclaimed lands should be provided with irrigation facilities, wherever possible.

A Survey of irrigation potential of the district should be undertaken and additional irrigation facilities created on the basis of such a survey.

Adequate facilities including financial assistance and technical guidance should be provided to ensure success of the cultivation of crops like Jute, Sugarcane, Potato, Cashewnut and black Pepper. Adequate cold storage facilities should be provided to the cultivators in suitable places, where power is available, for the storage of fruits. Assistance should be given in regard to the storage and marketing of the products grown in the area to the cultivators.

As, in view of the terrain in Mizo District 'Jhuming' has to be tolerated and cannot be stopped, the only way of improving agriculture in the area is to induce the villagers, by the offer of financial assistance and technical guidance, to take up the cultivation of lower slopes which may, if necessary, be allowed to be jhumed initially and later terraced. To enable them to assess the relative merits of terrace and jhum cultivation, a part of the area may be thrown open for their traditional jhuming cultivation and the rest terraced. When they see for themselves that terrace cultivation gives better results in the shape of higher yields they will voluntarily give up jhum cultivation in favour of cultivation on terraced land.

The Team recommends that number of adequate of tractors should be supplied to the Mizo District Council for reclaiming the flat areas near Champhai, Thenzawal and Vanlaiphai and making them fit for cultivation.

#### Forests

Although over one-third of the area of the State has

been classified as forest, the area permanently under forests is only 12 per cent. This gives an indication of the lee way that has to be made up in the task of forest development in the State.

The major forest areas in Autonomous Hill Districts are under the control of District Councils which have no agency for their conservation and scientific management. The Team, therefore, recommends that while the control of these forests may continue to vest in the District Councils and the right of royalty may be retained by them, their systematic working should be entrusted to the State Forest Department on their behalf. It is not possible, as things stand at present, for the Forest Department to take up the scientific working of these forests as the Jhum lands of tribals are also situated in them. It is, therefore, necessary that the District Councils constitute and thereafter entrust their working to the Forest Department as proposed above.

It was brought to the notice of the team that the existing communications in the tribal areas in general, and forest areas in particular, were not adequate. The improvement of communication is of utmost importance in the tribal areas as in their absence, efficient conservation and economic exploitation of forest resources cannot be ensured.

#### Community Development, Panchayati Raj And Cooperation

A vast majority (79 per cent) of the plains tribal Population has not received any benefits under the T.D. Block programme. This is because the tribals in the plains districts generally live interspersed with the general population and most areas inhabited by the plains tribals, do not fulfil the criteria governing the opening of Tribal Development Blocks. The Team, therefore, suggests that, in the case of plains districts, either the norms for the opening of Trade Development Blocks should be relaxed or ad-hoc assistance may be given to the State Government by introducing the Sub-Blocks Scheme as has been done in West Bengal.

The Team understands that mineral exploitation in hill areas, including Khasi and Jaintia Hills district, is at present being conducted more or less on a cottage industry basis. It is desirable that the present methods should be discarded in the interest of efficiency and replaced by mechanised exploitation. The Team suggests that the State Government in this connection.

Mineral exploitation should be used to improve the lot of the tribals, whenever a mining project is started, the local population should be given preference in employment both as skilled and un-skilled workers. There should be no dearth of local tribal workers for un-skilled jobs but to get skilled workers suitable

Training programmes should be taken up in advance of the setting up of the projects. Whenever, it becomes necessary to acquire land belonging to tribals for the exploitation of minerals, they should be given adequate compensation and, as far as possible the policy should be provide for land to ensure their satisfactory settlement.

Development of power in the hill areas is essential for their allround development. In the absence of power, it is not possible to develop industry in a big way. Lift irrigation which has to be resorted to in hilly areas cannot also be developed in the absence of power. Similarly, Schemes for the supply of drinking water cannot be taken up on any significant scale in hilly terrain where water has to be pumped to higher altitudes. The Team is glad to note that the State Government is fully aware of the need for the development of power and trusts that priority will be given in the Fourth Plan for the generation, transmission and distribution of electric power in the hilly areas.

### Transport And Communications

The roads in the plains tribal areas of Lakhimpur and Darrang districts are in urgent need of improvement. Tribal areas lying along Bhutan and NEFA border are of strategic importance and there is need for developing an adequate road system in these areas.

The Study Team noticed a general feeling among the tribal leaders of the plains areas that the pocket with a majority of Scheduled Tribes had been neglected in respect of road development. It was further pointed out that Kokrajhar was the only sub-division in the plains areas of the State where road transport had not been nationalised. The Study Team suggests that such complaints by the local leaders should be looked into and the difficulties, if any, in meeting the popular wishes of the people should be explained to them to avoid any particular section of the population harbouring grievances, should they really have no basis.

According to the revised 'GRID & STAR' formula drawn up by the Government of India under the advice of the State Chief Engineers for the All India Road Development Programme for a period of 20 years (1961-81) all the four Autonomous Hill districts should have 10512 miles (1702.4 kms) of motorable roads by the end of the year 1981. The achievement upto 1965-66 has been only 2606 miles. Thus there is a shortfall of 1906 miles. To make good the deficiency, during remaining 15 years, it would be necessary to undertake construction of roads in the hill districts at the rate of 527 miles per year from 1966-67.

To ensure uninterrupted flow of traffic on hill roads, permanent bridges with pucca abutments and piers are essential. In order to provide an effective road system

for the allround improvement of Communications in the hill areas, it is not only necessary to extend the road mileage but it is also essential to take effective steps to bring the existing roads which fall well below the requisite specification to the required standard. For this purpose it will be necessary to undertake a much bolder programme than at present. The Team, therefore, recommends that adequate financial assistance should be provided by the Government of India to the State Government to enable the latter to give this sector the attention that it merits.

The Study Team feels that the opening up of the Mizo district area is essential not only from the point of view of building up its economy but also for reasons of security as the area is of vital strategic importance.

As the development of the economy of the Mizo district is being hampered for want of an adequate road system, the Study Team recommends that the road from Silchar to Lungleh via Aijal should be completed without further delay and that the repair and restoration to traffic of the abandoned road mentioned below should be undertaken on a priority basis :

- |             |   |                  |
|-------------|---|------------------|
| 1. Silchar  | — | Aijal            |
| 2. Aijal    | — | Champai          |
| 3. Aijal    | — | Lungleh          |
| 4. Aijal    | — | Vanlaiphai       |
| 5. Seling   | — | Tipaimukh        |
| 6. Lungleh  | — | Demagiri         |
| 7. Lung'ch  | — | Lawngtlai        |
| 8. Kanhumum | — | Mamit-Aijal      |
| 9. Kanhumum | — | Demagiri         |
| 10. Aijal   | — | Thenzawl-Lungleh |

The United Khasi and Jaintia Hills district has a considerable potential for fruits and vegetables which are mostly grown along Indo-Pakistan border. The Study Team, therefore, recommends the construction of a dependable network of roads along the Indo-Pakistan border on a phased basis. The existing roads should be repaired and the missing links completed particularly in the case of roads connecting the fruit growing areas whose economy depends on the prompt marketing of their produce.

Apart from making improvements to the existing roads in the Garo Hills district, it is necessary to complete the more important roads leading to the Pakistan border and also to the Khasi and Jaintia Hills district border and the potential, industrial areas of Garo Hills district. These include : (1) Dudhnai-Mangwalbidra-Baghmara road ; and (2) Baghmara-Mol'eskho'a Road.

In the light of the progress made and the difficulties (in respect of communications) brought to its notice, the Study Team recommends as follows :

1. As far as possible all important roads should be

converted into all-weather roads by marking them pucca and constructing culverts and bridges.

2. To link up the interior and rural areas, feeder roads should be constructed so that the existing major roads may become useful for a larger section of the public.

The road work in the districts should be guided by the P.W.C. The alignments of all major roads as well as feeder should be approved by the P.W.C. So that they can be taken over by them without having to incur expenditure on changing alignments when they are handed over by the District Councils.

Whenever the construction of any road is taken up, the culverts and bridges should be completed simultaneously with the road, as the road would be of no use for a vehicle, whether it is a jeep or bullock cart, unless the connecting bridges and culverts are completed.

Adequate funds should be provided for the maintenance of roads, particularly those constructed by the Blocks, to ensure that they are kept in good condition and the expenditure on their construction does not become infructuous.

#### Education

In the field of education, there are certain special problems peculiar to the hill areas. Although the percentage of enrolment is satisfactory in the primary stage, it is much below the State average at the Middle and Secondary stages. To improve the situation, it is necessary to start Government Middle and High Schools and also to give liberal financial assistance to private agencies, which run schools in the area, for the construction of school and hostel buildings. Subsidised hostel facilities will also help in improving the situation.

Lack of school buildings and teachers' quarters is one of the major difficulties standing in the way of expansion of educational facilities in the hill areas. Greater financial assistance from the State Government is, therefore, necessary to overcome the difficulty as there are serious limitations on the initiative and resources of the local people to open educational institutions.

Many villages in the Garo Hills district are still without Schools. Adequate financial assistance should, therefore, be given to the District Council to enable it to open more schools. In the interior areas it may be desirable to have residential L.P. schools located at suitable places to serve children from three or four neighbouring villages.

It was represented to the Study Team during its tour of the Mizo district that the standard of education at primary level had deteriorated to a great extent after the District council took over the management of all the Primary Schools, including the Mission Primary

Schools. Apart from the need for providing trained teachers for improving the standard of education, it is necessary that the syllabous should be revised and better textbooks prepared to replace the existing textbooks which are not suitable.

It is not possible to bring about any improvement in the standard of High Schools unless teaching in the feeder M.E. Schools is improved. It is of the utmost importance, therefore, that trained and competent teachers should be employed at the lower levels if standards are to be raised. Completed teaching at the lower levels could be supplemented by special coaching facilities in M.E. and High Schools, whenever necessary.

The Science sections in the colleges in Mizo district are not properly equipped. They should be strengthened by providing equipment, material and qualified teaching staff.

Hostel facilities are urgently needed in the Government Multi-purpose and Higher Secondary School at Aijal. There were two hostels attached to this school but these were burnt down during the disturbances. The hostels should be rebuilt.

In the United Mikir and North Cachar Hills district the dearth of qualified and trained teachers is a serious handicap and is adversely affecting the quality of education. There is no Teachers Training Centre in the district with the result that teachers have to be sent for training to Nowgong or Gauhati. A Teachers Training Centre in the district is necessary.

The following steps should be taken for the promotion of educational in the hill areas of the State and for raising its standard :

More training institutions should be set up for primary school teachers to meet the shortage of trained teachers in L.P. Schools.

In the interior areas where the population is sparse and scattered and where it is not possible to open separate schools because of low enrolment, residential L.P. Schools should be started at selected places so as to cover a group of villages. These schools should have adequate boarding facilities for students and quarters for the teaching staff.

A few residential M.E. Schools should be started, particularly in the proposed Model Villages. To cater to the needs of villages in the interior areas, hostel facilities and teachers' quarters should be provided in some of the M.E. and high schools in each hill district. As this will entail substantial expenditure, the State Government may consider running these schools as Government institutions.

In regions like Jowai sub-division, where villages are sufficiently large (having twenty or more families), a phased programme should be drawn up by the District Councils for the opening of L.P. Schools so that no

village will be without a school at the end of the Fourth Plan. The Government should provide suitable financial assistance to the District Council for this purpose.

In order to improve the standard of primary education, minimum qualifications should be prescribed for teachers in Government Schools. It is suggested that the minimum qualification for the teachers which is at present a VI class pass in hill areas, as against Matriculation in valley areas, should be raised and necessary facilities provided to the existing teachers to enable them to raise their educational qualifications.

The disparity in the matter of allowances between the teachers of District Council Schools and Government School teachers should be removed as there is no justification for having different scales of allowances for teachers having equal qualifications and teaching at the same level under identical conditions.

Technical education has not made much headway in the hill areas. This is due in a large measure to the lack of adequate facilities for the teaching of science and mathematics at the Secondary stage. Special attention, therefore, should be given to the teaching of science and mathematics in the schools. Teaching of Science should be introduced in all the schools and basic knowledge of science imparted at the middle stage. Trained mathematics teachers should be appointed at the levels right from L.P. Schools to High Schools. As tribal students are generally weak in science and mathematics, special coaching arrangements should be made.

Polytechnics should be established to impart education in technical subjects like electrical, mechanical and civil engineering, draughtsmanship, etc., Diploma Courses may also be introduced as in other parts of the State.

In the more backward areas of Garo Hills and North Cachar and Mikir Hills districts the question of upgrading one or two of the existing Government High Schools as Multipurpose Higher Secondary Schools and the setting up one or two Industrial Training-cum-Production Centres may be examined.

Suitable measures may be devised for effective inspections of L.P. Schools.

Bright students belonging to the more backward tribes should be picked from Middle and High Schools and given higher education by providing them the necessary facilities at the High School and College levels.

#### Medical And Public Health

It was brought to the notice of the Study Team that in certain areas predominantly inhabited by the tribals (the so-called tribal pockets) in the plains area, medical facilities were inadequate. The Team suggests that surveys may be undertaken to identify such areas and

the general health programmes expanded to cover such pockets or special health schemes executed there out of Article 275 grants.

In the light of the facts which came to its notice, the Study Team recommends as follows :

In view of the allround shortage of doctors, it is necessary to undertake a programme of consolidation rather than of expansion. Steps should be taken to see that all the existing units are in the charge of doctors with the necessary complement of auxiliary staff before setting up new health units. Arrangements should also be made to stock sufficient quantities of medicines and for their timely replenishment.

Necessary incentives like special pay or allowances should be given to attract doctors and staff to serve in the interior areas.

The Leprosy Survey and Investigation Units should be strengthened and adequate qualified staff posted

Additional leprosy clinics should be established in the areas where there is a high incidence of the disease and the usual norms should be relaxed for the opening of such units in inaccessible areas.

A mass programme of T.B. Control should be undertaken in the areas where there is a high incidence of the disease.

To make the tribal people aware of the utility of preventive health measures, suitable programmes of health education should be undertaken in the hill districts.

The Study Team understands that no systematic survey of water resources has been undertaken in the hill areas, nor is any information readily available about the villages where the water supply arrangements are inadequate or unsatisfactory. Such a survey is a prerequisite for undertaking any large scale programmes and needs to be undertaken urgently. The Team also suggests that instead of pumping water to individual villages at high attitudes it may be worthwhile undertaking some major schemes whereby drinking water is pumped to storage tanks in some selected villages situated at the highest attitudes for distribution by the gravitational method to villages situated at lower attitude.

In Mizo district, there is acute shortage of drinking water. The district, therefore, deserves special treatment particularly in view of its disturbed law and order situation.

The Study Team recommends that the supply of pumps needed for the Aijal drinking water supply scheme may be expedited so that the scheme, which has almost been completed, may be commissioned without any further delay. It is also necessary that the other water supply schemes taken up in the area are completed expeditiously.



In view of the acute shortage of drinking water in the hill areas in the United Mikir and North Cachar Hills district, the Study Team recommends that more funds should be allocated for the provisions of drinking water facilities.

In Jowai Sub-division of the United Khasi and Jaintia Hills district, there is an acute shortage of water even at important places like the Civil and Mission Hospitals and Government Offices. The Study Team, therefore, recommends that after a proper survey a major water supply scheme should be undertaken for Jowai.

#### Research And Training

The Team understands that the Board of Management for the Institute, which should have met in the last quarter of 1969, has not met so far as the Minister and the Department are preoccupied with urgent and important work concerning the reorganisation of the State. To provide proper direction and guidance, the Study Team would urge the need for regular meetings of the Board.

Although the Institute have been in existence for over five years no evaluation of tribal welfare programmes has been conducted by it so far. The Team considers that by the very nature of the arrangements made, the District Research Officers have, over the years, begun to take over the functions of the district staff while the research and evaluation work which they were expected to undertake has been relegated to the background. The Team feels that it is necessary to review the present arrangements and to divert the District Research Officers of their existing functions of periodical collection of routine statistics,

A decision with regard to the future set up recommended by the Joint Centre-State Team and the lines of working of the proposed Development Institute should be taken without further delay so that research work does not suffer. Till such time as a final decision is reached on the setting up of the proposed Development Institute, the staff of the Tribal Research Institute may be suitably strengthened. The Team trusts that the Board of Management of the Institute will give its urgent attention to these matters and help the Institute to function with greater smoothness and vitality than hitherto.

The Team regrets to note that so far the Institute has not been able to take up any training programmes. In view of the fact that the State has not only a large but a bewildering variety in its tribal population and is facing complex tribal problems, it is necessary that early arrangements should be made in the Institute for the training of staff and non-official workers engaged in tribal development work. The Team suggests that for this purpose posts of Lecturers, etc., may be sanctioned for the Institute and additional funds provided.

The training programme should aim at providing to the people, both tribals and non-tribals, a greater understanding of the cultural values of each other. This object could perhaps best be achieved by undertaking peripatetic training programmes in various districts where apart from orientation of the participants with the problems of tribal welfare and providing them with a sound knowledge of various tribal cultures, information could be disseminated about constitutional safeguards, protective legislation, concessions and privileges extended to Scheduled Tribes and other cognate matters.

## STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES, 1966—REPORT ON BIHAR

New Delhi, Planning Commission, Committee on Plan Projects, 1966. 140p.

Chairman : Shri P. Shitu Ao.  
Members : Shri L.M. Shrikant; Shri B. Mehta; (replaced by Shri T. Sivaram; placed by Dr. G.D. Secretary : Shri Mohan Lal (rep. Patel).

#### APPOINTMENT

Programmes for the welfare and development of Scheduled Tribes form an integral part of the Five Year Plans. Although significant progress has been achieved

in several directions, it is important that during the Fourth and Fifth Plan periods, the process of economic and social development should be greatly accelerated. Rising levels of well-being, growing economic opportunities and greater integration with the rest of the population are essential, both for the welfare of Tribal Communities and the progress of the country as a whole.

The draft outline of the Fourth Five Year Plan provides substantial resources for special programmes for the welfare of tribal Communities and indicates a number of directions in which current development programmes should be reoriented. In the light of past experience, it has become essential that the schemes formulated should enable the tribal communities to secure an adequate share in the benefits of General Development Programmes and speed up their economic and social advance. With the object of giving practical effect to these recommendations and assisting State Government in evolving concrete schemes of development which are specially adapted to the needs and conditions of tribal areas at the suggestion of the Planning Commission. The Government of India, Planning Commission, Committee on Plan Projects have set up a Study Group on Tribal Development. The Study Group has submitted its report No. Opp/Adm/16 (1) 66, dated October 26, 1966.

### TERMS OF REFERENCE

- (a) Study the problems and needs of the tribal communities in each State;
- (b) Appraise the working of tribal development programmes, especially during the Third Five Year Plan;
- (c) Ascertain how far the schemes formulated so far have enabled the tribal communities to secure an adequate share in the benefits accruing from the General Development Programmes;
- (d) Make detailed recommendations regarding the lines on which the schemes should be oriented in the Fourth Plan to accelerate progress; and
- (e) Suggest measures for strengthening the administrative machinery and harnessing tribal leadership and institutions so as to ensure their fullest participation in the tasks of economic and social development.

### CONTENTS

Background Information; Tribal Areas and the People; Development Plans; Administration; Land Problem and Indebtedness; Education; Agriculture and Allied Sectors; Forests; Medical and Public Health; Communication; Community Development; Cooperation and Panchayats; Industry and Minerals; Research and Training; Summary of Recommendations and Conclusions; Annexures I to XII.

## RECOMMENDATIONS

There is a marked imbalance in development as well as education among the tribal communities. In fact, some of them continue to be in an extremely backward stage and need special attention. The Bihar Tribal Research Institute has prepared certain schemes for the development of some of these tribes which are already under the consideration of the State Government. Suitable schemes may also be drawn up for the other tribes and follow-up action taken.

As the intake of the Scheduled Tribes in the services of the State Government, barring Class IV posts, is unsatisfactory, steps are called for to increase their representation.

It is necessary that a Training Centre for imparting pre-examination training to the Scheduled Caste and Scheduled Tribe students appearing at State Civil Services examinations and other subordinate services examinations is started soon.

### Development Plans

High priority should be given to Socio-economic Surveys in the tribal areas in the State during the Fourth Plan so that the schemes formulated should be designed to meet the felt needs of the tribals and where there are pronounced disparities in development among different tribes, special schemes should be undertaken to correct the imbalance.

### Administration

There is an urgent need to have full-fledged Directorate to deal with the welfare of the Scheduled Tribes at the State level.

In the districts having substantial tribal population such as Ranchi, Santhal Parganas and Singhbhum, there should be an officer of the rank of Additional District Magistrate invested with all powers of the Collector or the Deputy Commissioner under the various Tenancy Acts, etc., exclusively responsible for tribal welfare including the work relating to Protective Legislation, Tribal Development Blocks, grievances of the Scheduled Tribes, etc., irrespective of the agency which may be handling it. This arrangement will ensure a unified control and direction and would go a long way in improving the working of tribal welfare schemes. Since the purpose of appointing these officers is to promote the welfare of Scheduled Tribes, the Central Government may provide reasonable financial assistance to enable the State Government to give effect to the proposed arrangement.

To make the service conditions in tribal areas attractive, there should be a scheme of incentives, like special allowance, housing facilities, arrangement for proper

## COMMITTEES AND COMMISSIONS

education of officers' children, etc.

With a view to securing the services of the best personnel, the postings of officers in the tribal areas should be made on a selective basis without disturbing the general service cadre and only such persons should be drafted as have an aptitude for this type of work and the necessary experience. The officers connected with tribal development work should remain directly under the control and supervision of the Tribal Welfare Department while serving in the tribal areas.

On the expiry of the term of the existing Tribes Advisory Council in March 1957, no new Council had been formed till about the middle of 1968. The Team trusts, that whenever the need arises for the reconstitution of the Tribes Advisory Council in future the State Government will take prompt action in the matter.

The tribal leaders represented to the Study Team that the meetings of the Tribes Advisory Council had not been held frequently as the Chief Minister, who was its Chairman, was pre-occupied with other important State matters and that the Council was not being consulted by the Government on all important matters concerning the tribals. If it is so, the position needs to be remedied in the interest of the successful working of the various programmes which the State Government has on hand for the welfare of the tribal communities in the State.

With a view to pursuing implementation of the decisions of the Tribes Advisory Council there may be a system of having Standing Committees for important subjects, such as land alienation, indebtedness and development programmes. These Committees could meet frequently and pursue the matter with the Chief Minister or other Ministers concerned. The secretarial assistance to these Committees may be provided by the Welfare Department.

The Study Team would urge the need for ensuring timely sanction of the schemes to be undertaken by the non-official agencies and the release of grants therefor. In this connection the Team would commend for adoption to the State Government the practice obtaining in Madhya Pradesh where the State Government arranges to pay in advance to the non official agency concerned, fifty per cent of the estimated expenditure on its approved programmes so that lack of finance does not in any way hamper the progress.

In order to enable the non-official agencies to plan ahead on a long term basis, firm indication should be available to them as to the extent of assistance which would be available, say, for a period of two to three years at a time, if not for the entire plan period.

#### Land Problem And Indebtedness

The Study Team was distressed to note that signs of

frustration were visible in certain areas on account of the reported flouting of the provisions in the Land Tenancy Acts by the non-tribals. The Team feels that it is high time, the situation is studied in all its aspects so that remedial steps might be taken.

No action appears to have been taken either to plug the loopholes in the Chotanagpur Tenancy Act, 1908, or to issue a Regulation on as promised at the meetings of the Tribes Advisory Council held in 1965-66. Early steps should be taken in the matter.

The State Government may consider the desirability of undertaking a survey of lands, intended for common benefit, the control of which has after the abolition of the Zamindari System, vested in the State, particularly because more than 40 years have elapsed since the last survey and settlement operations were carried out in Chotanagpur Division and Santhal Parganas, so that the interest of the tribals cultivating such lands are safeguarded and they are permanently settled on those lands after appropriate land settlement operations.

The major problem of tribals in the State is indebtedness. They are exploited by the Mahajins from whom they borrow money for their day to day needs. It may be no exaggeration to say that the tribals have long reached a point of helplessness and frustration and unless the State Government decides to come forward in a big way to their rescue, there is every possibility of undesirable elements from the plains entering into the sphere of tribal development not only in Bihar but in other States as well. It is necessary, therefore, that energetic steps should be taken by the State Governments to arrest this trend which, if allowed to go unchecked, will result in tribal lands passing into the hands of the money-lenders and other agents of exploitation from the plains. Apart from plugging the loopholes in the enactments intended to protect the interests of the tribals, steps should be taken to enlist the support of the growing intelligentsia in the tribal areas and their leadership to persuade the tribals to give up their extravagant habits at the time of their religious and other ceremonies.

A Tribal Debt Redemption and Loan Board may be formed to take up in few selected tribal villages a pilot scheme for the liquidation of the old debts of the tribals and to advance them short term loans not only for productive but also for un-productive purposes connected with tribal customs and usages.

The inadequacy of the various provisions in the Money-lenders Act has been repeatedly pointed out in the meetings of the State's Tribes Advisory Council. But no action appears to have been taken to enact a legislation under the Fifth Schedule to the Constitution for the protection of the tribals from the money-lenders as recommended by the Council.

No survey, except a pilot study undertaken by the Bihar Tribal Welfare Research Institute, has been conducted to assess the magnitude of indebtedness among the Scheduled Tribes. The Study Team, therefore, feels that it is necessary to study the problem of indebtedness in greater detail.

A high powered Committee may be appointed by the State Government to probe into the problems of land alienation and indebtedness among the tribals which are becoming acute and assuming serious proportions.

### Education

During the course of the Team's visits to some of the schools and hostels, it was found that in many cases they were functioning in rented buildings where accommodation was not quite adequate. Even the Government buildings provided to some of the schools were not in a satisfactory condition. There is urgent need to improve the condition of the schools and hostel buildings and to provide at least the minimum basic facilities.

It was observed that the number of boarders in the hostels was much in excess of the seats available with the result that the hostels were congested and boarders were put to a lot of inconveniences. This matter needs to be looked into so that the present unsatisfactory state of affairs could be improved.

The Study Team would like to emphasize the need for timely release of grants to voluntary organisations in future. Since voluntary organisations rarely have the resources to finance welfare schemes on their own over any length of time.

The fact that teachers of the schools run by the Adim Jati Seva Mandal are drawing much less than the teacher in Government schools has been causing dissatisfaction and giving rise to frustration among the teachers in the Mandal's Schools. The matter may be looked into by the State Government and the position remedied to the extent possible.

In view of the technological advance which is taking place at a rapid pace, it is necessary that greater attention is devoted to the teaching of science in the schools. Side by side, courses in agriculture should also be introduced so that the tribal students after completing their studies, take interest in cultivation in their villages and could be of some help to their parents for whom agriculture is often the main source of livelihood.

It was reported that due to inadequacy of funds only a limited number of scholarships could be sanctioned and that this was working as a deterrent against new admissions, particularly in the primary stage. There is, therefore, need to increase the number of pre-metric scholarships so that it may be possible to cover a larger number of students.

Since in many cases students have to come from far off places in the early hours of the morning without taking their full meals, provision should be made for the supply of mid-day meals to them free of charge.

Special attention needs to be given to education in the interior areas where educational facilities are lacking. A few standard schools, with boarding facilities, should be opened at convenient centres with a view to imparting education to the tribal children in these areas.

Since the working of the single teacher system in the primary stage has not been satisfactory, it is suggested that the working of a few selected schools may be reviewed with a view to evolving the pattern of schools best suited to the tribal areas. Meanwhile it is necessary to post more teachers in such schools and to relax the usual norms for the provision of school teachers in tribal area.

Although post-matric scholarships are being granted in cent per cent cases, college education is not spreading fast enough among the tribal Communities. Concrete efforts are necessary to increase the enrolment of tribal students in colleges. It was reported that delay in payment of stipends was causing the students undue hardship and was also responsible to some extent in a larger number of students not coming forward for admission in the colleges. The procedure which is being followed at present for the grant of stipends needs to be reviewed so that it may be streamlined and students are able to draw stipends in time. It may also be useful to make payment of stipends on a monthly basis rather than on a quarterly basis as at present.

Wherever sizeable number of girls study in co-educational schools, separate lady tutors may be appointed to look after the girl students and separate Retiring and Common Rooms and Lavatories for girls are to be provided.

Suitable facilities for training in Nursing for tribal girls should be provided.

As against the provision for 400 seats in the Industrial Training Institute at Ranchi, the actual enrolment was only 160. The reasons for short-fall in enrolment need to be provided for at considerable cost.

The training programme of the I.T.Is. may be re-oriented, keeping in view the requirements of personnel by different industries and other employing agencies, trades having little scope for employment could temporarily be discontinued while facilities for trades with increasing demand may be expanded.

The reasons why the trainees do not get employment after successful completion of the course and apprenticeship from I.T.Is. should be probed into so that remedial steps could be taken.

The State Government may consider the suggestions of the Resident Directors of Tatas (at Jamshedpur)

regarding the exchange of officers among the I.T.Is and the industries for short periods and take advantage of the assistance offered by Tata Industries.

There should be Vocational Guidance Officers who could guide the trainees at the time of admission to the I.T.Is as to a particular type of training which they should undergo.

It is necessary to organise special preparatory classes for the tribal students seeking admission to technical courses like Medical, Engineering, etc.

#### Agriculture And Allied Sectors

Intensive studies should be made to identify the causes responsible for the failure of the colonisation scheme so that in future such schemes may achieve the desired results. It is also necessary to improve the facilities in the existing colonies. The Study Team understands that some of the abandoned lands in these colonies have been lying idle for years. There should be allotted to landless tribals and necessary facilities provided to them for cultivating these lands.

It may be economical and desirable from the long term point of view to arrange for the provision of irrigation facilities on a permanent basis by undertaking major and medium irrigation schemes to serve a group of villages. However, these schemes will not be feasible for all the tribal areas and ways and means would need to be explored to provide irrigation in some areas through such minor irrigation schemes as sinking of wells and construction of small dams across catchments.

There is considerable scope for the development of pisciculture in the tribal areas and in view of the nutritive value of fish, suitable schemes for the development and exploitation of fishery resources in these areas may be taken up by the State Government. The Team trusts that the scheme for fishery development in Selected Tribal Development Blocks, being drawn up by the Fishery Department in consultation with the Community Development and Panchayat Departments, will be finalised early so that the tribals are enabled to supplement their food supply as well as add to their income.

#### Forests

As the tribals lack the resources and there are not many persons among them who can manage the affairs of the forest labour cooperative societies, it is necessary that in the initial stages sufficient financial assistance is provided to these societies by the Forest Department in the working of the forests.

In view of the stringent financial position and fall in the demand for lac in foreign markets, it is necessary to get the Lac Development Scheme examined in detail

by technical experts before embarking upon it on a large scale.

Complaints were voiced before the Study Team by the tribal leaders that adequate employment opportunities were not being provided to the tribals in the forests even for appointment as Forest Guards for which the tribals were best suited and that non-tribals had been appointed to such posts in large number. The State officials, on the other hand, pointed out that reservation of posts for the Scheduled Tribes had been made in the State but candidates were not coming forward in sufficient numbers. This Team points to the need for undertaking special measures to attract tribals to Forest Services.

#### Medical And Public Health

It was represented to the Study Team that much work still remained to be done to bring T.B. and Goitre under control. It was stated that even iodized salt was not being supplied in Santhal Parganas which is Goitre affected. The State Government may look into the matter.

The spread of Goitre is reported to be mostly due to contaminated drinking water. Besides undertaking necessary curative measures, the scheme for the supply of pure drinking water in such of the villages as are badly affected by Goitre, should be given high priority.

Many of the Block Dispensaries had been without doctors due to the reluctance of doctors to go to the places where there was little opportunity for private practice. Besides, there was lack of accommodation and educational facilities of doctors' children in most of the Blocks. It is necessary to provide suitable incentives to the doctors required to work in tribal areas.

Although some medical centres have mobile dispensaries which visit selected areas according to a weekly schedule, a tribal, on an average has to walk 8 to 10 miles to receive medical treatment. This is not a happy situation. The mobile dispensaries should be expanded as to reach the interior areas inhabited by the tribals, at least on a periodical basis to start with.

In view of the pioneering work that the Leprosy Hospital at Fatehpur is doing and to facilitate movements of patients, the construction of an all-weather road from Bagada to Baijnathpur covering a small distance of about 11 miles should be given high priority and completed expeditiously.

The pace of construction of drinking water wells in tribal areas should be accelerated as the proposed target is still far from being achieved.

A survey should be undertaken to locate the areas which are still in need of drinking water supply after

the completion of the schemes already in hand. Having regard to the availability of funds and implementing capacity, a phased programme for the construction of wells in those areas may be drawn up for implementation in the Fifth and succeeding plans.

### Communications

In order that the pace of development is maintained all through the year, it is necessary that there should be all-weather roads connecting all Block headquarters with their respective sub-divisional headquarters.

Road Communications in such areas which are not connected even with the weekly centres (Hatias) and those which remain completely cut off, specially during the monsoon, needs to be given high priority and adequate provisions should be made in the Fourth Five Year Plan for this purpose.

### Community Development, Cooperation And Panchayats

A large number of posts were reported to be lying vacant in T.D. Blocks. To attract officers for service in the tribal areas, suitable incentives should be offered so that the officers posted, there are enabled to receive some compensation for the additional expenditure they are generally required to incur in maintaining two establishments and arranging for the education of their children.

The All-India pattern of T.D. Blocks which is being followed by the State Government does not fully suit the felt needs of the tribals in different parts of the State.

The schemes in the T.D. Blocks are implemented under the control and supervision of the Department of Community Development and Panchayati Raj. The Study Team feels that it would be administratively expedient if the responsibility for the control of the T.D. Blocks is placed on the Welfare Department. This will enable the spending of funds in a more purposeful way as well as ensure coordination in the execution of the programmes.

Out of the 55 blocks in the State, Socio-economic Surveys appeared to have been conducted in respect of only four blocks. The Study Team feels that Socio-Economic Surveys should be undertaken in all the T.D. Blocks on a priority basis.

It is necessary for the State Government to undertake a detailed examination of the reasons for the failure of Lac Growers' Cooperative Societies so that the drawbacks and shortcomings affecting the working of these societies may be removed.

The State Government may examine the question of giving suitable incentives for the promotion of the Silk-Cocoon Industry which has a great scope in the tribal intensive and also suited to the needs and temperament of the tribals, this industry earns foreign exchange for

the country.

The reduction in the rate of interest from 25 per cent to 10 per cent has been responsible for reduction in the stocks of grain-golas. While the Team is reluctant to recommend a general increase in the rate of interest as a means of augmenting the stocks of food grains in the grain-golas and thereby reviving the grain-gola organisation, it suggests that a higher rate of interest—which may be graduated depending on the period of delay—be charged in cases where repayments are not made before the due date to serve on the one hand as a penalty for delay and on the other as a deterrent against late payment.

The present procedure for the grant of loans by the grain-golas is cumbersome and may be simplified.

Being under departmental management, the scheme of grain-golas is not based on the principle of cooperation. With a view to strengthening the cooperative movement in the tribal areas the grain-golas may be brought within the cooperative fold.

The State Government may consider the feasibility of introducing the purchase, sale and Fair Price Shops Scheme as started by the Government of Orissa.

Either one or more seats in the Village Panchayats should be reserved for the Scheduled Tribes in proportion to their population or alternatively, at least one person belonging to a Scheduled Tribe should be nominated if no such person is elected to the Panchayat in villages wherever there is sizeable tribal population.

The panchayats should be encouraged to augment their resources for the implementation of the development schemes entrusted to them. It will also be necessary to exercise closer supervision over the activities of the Panchayat and Panchayat Samitis and to ensure that the tribal leaders are fully represented in these bodies. It will be useful in this context if it is provided that the Chairman of the Panchayat Samiti of a predominantly tribal area shall be a member of the Scheduled Tribes. Further, the Collectors may be empowered to veto the decisions of the Panchayat Samitis and Zila Parishads if considered detrimental to the interests of the Scheduled Tribes.

### Industry And Minerals

In future whenever any Industrial Project is proposed to be established in the tribal areas, the requirements of skilled labour may be assessed and necessary arrangements be made in advance to train the tribals in required numbers in the various skilled jobs so that they may be employed as skilled workers in the project.

It is felt that more employment opportunities can be created by developing more ancillary industries for the large industrial organisations in tribal belts like Ranchi and Bokaro. The State Government may consider

developing some focal points for the development of ancillary industries and providing suitable incentives for setting up small industries which could cater to the complex industrial organisations

The follow-up programme in respect of artisans trained in the cluster type Training-cum-production Centres needs more attention to ensure that the trainees are enabled to make a decent living from the trades in which they have been trained as otherwise the money spent on their training will prove wasteful.

The Khadi and Village Industries Board may, in collaboration with the State Government, take up a special programme for the development of village industries in the tribal areas, which may include training, common facility centres, financial assistance and marketing assistance.

For ensuring proper and successful implementation of the industries programme in the blocks it is necessary to provide proper training facilities to the tribals. The Study Team would sound a note of warning against the imparting of superficial training to the tribals. Such a training will not enable them to earn a living on their own and will result in frustration, quite apart from the waste of public funds involved in the imparting of such training. The Team therefore, recommends that the Community Development Department and the Industries Department may jointly work out further details of the scheme for the development of village and cottage industries so that it may be possible to take up a purposeful programme for the development of village and cottage industries in the tribal areas.

#### Research And Training

As the Bihar Tribal Welfare Research Institute is functioning as a full-fledged self-contained organisation, it is likely that a lot of administrative and other day-to-

day routine work entailing considerable expenditure of time and labour will be evolving on the Director. This could more appropriately be dealt with at a junior level by a separate Administrative Officer, thereby enabling the Director to have more time to concentrate on research work.

If full advantage is to be taken of the Tribal Welfare Research Institute, its findings should be taken into consideration at the Planning stage. For this purpose, close liaison has to be maintained between the Institute on the one hand and the planning and implementing departments on the other. It is also necessary to strengthen the arrangements for watching the follow up action on the reports following the studies undertaken by the Institute.

The reports on the studies undertaken by the institute should ordinarily be published either in extension or as a summary depending on the importance of the subject and the quality of the report, unless the studies or findings are of a confidential nature. Additional funds should be provided to the Institute to defray the cost of printing, etc., if necessary.

It appears that the Institute concentrates primarily on research and studies in different areas of social sciences while some important fields like Agriculture, Forests, Cooperation, etc., which are of prime importance to the tribals, are not adequately covered as the Institute does not have experts in these fields.

The training in the Research Institute should also include case studies of problems in tribal development based on the research work of the Institute so that specific problem areas are discussed with the participants and through the case study method, an attempt be made to develop their analytical ability with a view to equipping them adequately for better performance in the field.

## STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES, 1966—REPORT ON DADRA AND NAGAR HAVELI

New Delhi, Planning Commission, Committee on Plan  
Projects, 1966. 76p.

Chairman : Shri P. Shilu Ao.

Members : Shri L.M. Shrikant ; Shri B. Mchta (Replaced by Shri T. Sivasankar).

Secretary : Shri Mohan Lal (replaced by Dr. G.D.

Patel).

#### APPOINTMENT

Programmes for the welfare and development of



Scheduled Tribes form an integral part of the Five Year Plans. Although significant progress has been achieved in several directions, it is important that during the Fourth and Fifth Plan periods the process of economic and social development among tribal communities should be greatly accelerated. Rising levels of well-being, growing economic opportunities and population are essential both for the welfare of tribal communities and the progress of the country as a whole.

The draft outline of the Fourth Five Year Plan provides substantial resources for special programmes for, it indicates a number of directions in which current development programmes should be reoriented. In the light of past experience, it has become essential that the schemes formulated should enable the tribal communities to secure an adequate share in the benefits of general development programmes and speed of their economic and social advance. With the object to these recommendations and assisting State Government involving concrete schemes of development which are specially adapted to the needs and conditions of tribal areas at the suggestion of the Planning Commission. The Government of India, Planning Commission, Committee on Plan Projects have set up Study Team on Tribal Development Programmes vide their resolution No. Copp/Adm/16(1) 66, dated October 26, 1966.

## TERMS OF REFERENCE

(a) Study the problems and needs of the tribal communities in each State;

(b) Appraise the working of Tribal Development Programmes, especially during the Third Five Year Plan.

(c) Ascertain how far the schemes formulated so far have enabled the tribal communities to secure an adequate share in the benefits accruing from the general development programmes,

(d) Make detailed recommendation regarding the lines on which the schemes should be oriented in the fourth plan to accelerate progress; and

(e) Suggest measures for strengthening the administrative machinery and harnessing tribal leadership and institutions to ensure their fullest participation in the tasks of economic and social development.

## CONTENTS

Preface ; Introduction ; Administration ; Planned Development ; Land Problem and Indebtedness ; Agricultural Programmes ; Forests ; Community Development, Panchayati Raj and Cooperation ; Industries, Minerals and Power ; Communications and Tourism ; Education ; Medical, Public Health and Housing ; Summary of Recommendations and Conclusions ; Annexures I to VII.

## RECOMMENDATIONS

The literacy percentage of tribals and non-tribals are 4.40 and 48.33 respectively. It is obvious from these figures that the tribals are educationally very backward and that special educational programmes will have to be undertaken for some considerable time to make up the beway.

### Planned Development

After its liberation from Portuguese control in 1954, the area was administered as 'Free' Territory till August 1961 when it was integrated with the Indian Union. It could not derive any benefits from the developmental activities taken up under the First-three Five Year Plans in other parts of the country. The Fourth Plan (1969-74) will be the Territory's First Five Year Plan. In view of past neglect, special efforts will have to be made for the development of the Territory in order to bring it at par with the development in the rest of the country.

The Administration has been finding it extremely difficult to secure the services of suitable personnel and not infrequently sanctioned posts have remained unfilled. To attract officers on deputation from neighbouring States, it is necessary to improve the pay-scales and to offer other facilities, such as residential accommodation, special pay, etc., to deputationists.

### Land Problem And Indebtedness

The Team understands that the Land Reforms Commission under the Chairmanship of Shri L.R. Dalal, ICS appointed by the Administration has recommended that the record of rights, the backbone of the Land Reforms Programme, should be undertaken on a priority basis on the lines of the system in the former Bombay State. The Team feels that immediate implementation of Land Reform measures is necessary not only to protect the interests of tribal cultivators for the development of agriculture in Territory and the general prosperity of its population, the majority of whom are tribals.

It was brought to the notice of the Team, during its tour, that forest contractors obtained land from the Portuguese Government on the express condition that they would clear the forest and cultivate it personally. Though the forest contractors have violated the condition of their original grant, their leases have not been cancelled. It was urged before the Team that the government should not have tolerated the infraction of an important condition of the lease and that steps should be taken to cancel the leases and resume the lands. It was also suggested that such lands could well be allotted to landless tribals for cultivation, if there is no legal objection to such allotment. The Team commends the

## COMMITTEES AND COMMISSIONS

suggestions for the consideration of the Administration.

It was brought to the notice of the Team that the Gunsa village which is on 'Teram' tenure is held by one 'Alwara' holder for the last 15 years. It was suggested that a person holding land on 'Alwara' should not be allowed to hold land on 'Teram' tenure but that such lands should be given to the landless tribals. The Administration may consider the suggestion.

The Team feels that unless adequate alternative credit is provided through Government and Cooperative Credit Institutions, it will not be possible to free the tribals from the clutches of the money-lenders. The Team, therefore, suggests that the question of strengthening the cooperatives and other institutional credit agencies in the area to meet the credit requirements of the tribal, both short-term and long-term, should be taken up on a priority basis.

#### Agricultural Programmes

The Team feels that there is need for the VLW & to make trial demonstrations in villages to facilitate introduction of new agricultural techniques.

At present only tractor is available for terracing, the main activity under the soil conservation programme in the Territory. The programme can be accelerated appreciably if say, three more tractors are provided.

Two Kankrej bulls are given to the Village Committee of each Patelad by Government. It was brought to the notice of the Study Team that Kankrej bulls are too big for the small cows which the tribals maintain. It appears that schemes of animal husbandry have been introduced in the Territory on the general pattern without taking into consideration the suitability of the premium bulls for servicing the cows in the Territory. The Team, therefore, suggests that the existing animal husbandry schemes should be reviewed and modified wherever necessary having regard to the local needs and conditions.

A small poultry farm is run by Government at Silvassa to improve the local breed of poultry and to supply improved birds and hatching eggs to the tribals. Since tribals are fond of poultry, the Team suggests that two more farms may be started, one at Khanvel and the other at Kilvani.

Having regard to the fact that every tribal family rears chickens, the existing veterinary facilities do not appear to be adequate. To improve the veterinary services, it is necessary to increase the number of Stockmen Centres.

It appears that it is possible to take up medium/major irrigation schemes on two rivers, the Piparia and the Daman Ganga. A scheme for the construction of a dam across the Piparia river is being investigated by the Central Water and Power Commission. As the provision

of irrigation facilities will help to accelerate the development of agriculture in the Territory, the Team suggests that the investigation should be completed at an early date and steps taken to go ahead with the construction of the project on a priority basis.

There is no regular programme for the construction of irrigation wells so far. The Team suggests that the potentialities for the sinking of tube-wells may be examined and if promising, a phased programme may be undertaken.

There are several rivulets and nallas in the Territory the waters of which can be utilised for irrigation by the construction of check-dams. The Team suggests that a survey of irrigation potential in the area may be taken up as a measure of priority.

At present, there is lift irrigation on rivers for the raising of only Rabi crops. It is suggested that Government may provide permanent lift irrigation facilities on rivers and recover water charges from the farmers. This is specially necessary because construction of wells is uneconomic owing to the rocky nature of the soil. Check-dams should be constructed wherever, feasible, as flow irrigation by the aid of check-dams on rivers and nallas will be far more economical in the Territory than irrigation from wells.

#### Forests

The accounts of the Forest Cooperative Societies have been audited upto the year 1965-66 but, they are yet to be settled with the Forest Department. In the circumstances, it is not possible to assess the correct financial position of the societies, though the general feeling appears to be that the societies are not financially sound because of the high working expenses of the coopes. The Forest Department may, therefore, settle the accounts as early as possible. Efforts are also called for on the part of the Administration to place the societies on a sounder footing.

Honey-combing cultivation, i.e., cultivation in the midst of forests, which is vogue in the Territory, leads to encroachment on the forest areas and illicit cutting of trees. About 4,000—5,000 acres of forest land have thus been encroached upon and occupied by the tribals for cultivation. Since agriculture is their mainstay the Administration may consider whether it would not be administratively expedient to grant leases in respect of the encroachments which are unobjectionable. The long-term interest of forest development should be kept in view while deciding whether an encroachment is or is not objectionable.

The final notification declaring the forests in the Territory as reserved forests has not yet been issued under Section 20 of the Indian Forest Act, 1927. There is urgent need to issue the notification to legalize the

position under the Indian Forest Act.

At present, the forest areas are not clearly demarcated with the result that tribals unwittingly encroach upon forest lands for cultivation. In order to prevent encroachments on forest areas and to protect forest wealth, it is necessary that early steps are taken by the Administration to demarcate the forest areas on the ground.

In the Territory agricultural and forest operations start simultaneously during the monsoon and consequently shortage of labour is felt for forest operations. There is, therefore, need to secure adequate labour from the adjoining areas for forest operations.

There is need to encourage voluntary agencies from the neighbouring States to assist, train and guide the tribals in the working of forest coops.

The membership of the Forest Cooperative Societies is mainly confined to tribals. For the proper working of these societies, the Forest Department should give them the necessary guidance. The Team was informed that during the last three years no meeting of the societies had been called. Meetings should be called at regular intervals to review the working and discuss the problems of these societies.

#### **Community Development, Panchayati Raj And Co-operation**

Having regard to the backwardness of the area, more funds should be placed at the disposal of the Administration to accelerate progress. When the funds are limited a selective approach is indicated in the implementation of development schemes. For this purpose the schemes should be catalogued in order of priority and implemented in a phased manner on the basis of availability of funds.

In view of the existence of the Municipality which has its own taxation powers, no serious efforts were made to create sources of income for the Group Panchayats. As a result, the Village Panchayats had tended to act only in an advisory capacity and have not been able to take up any work directly themselves. Nor has it been possible to transfer developmental work to them. Nevertheless, it is reported that they have taken a real interest in matters relating to the needs and the problems of the people. The Team trusts that the Panchayats will soon start playing an active role in the developmental sphere.

The view was expressed during the tour of the Study Team that Cooperative Societies in the Territory should be developed on the lines of those in Gujarat. As the cooperative movement in the area is still in its infancy, the cooperative societies naturally took up to the Government for help which should be readily given in all deserving cases.

#### **Industries, Minerals And Power**

As the economy of the Territory is based on agriculture and forests, it appears that there is considerable scope for the taking up of agro and forest based industries. The Team suggests that the services of the Small Scale Industries Institute of the Government of India may be obtained for undertaking a survey to explore the potentialities of the Territory for the establishment of viable industries. No Geological Survey has been undertaken to assess the mineral potential of the Territory. The Team understands that the Administration has requested the Ministry of Steel, Mines and Metals of the Government of India, to arrange for a Geological Survey of the Territory. As the Territory is economically backward the Team would urge that the survey may be arranged as a matter of priority.

The development of the backward tribal areas will receive a much needed impetus if electric power is made available to them. As far as possible schemes for the utilisation of power should be drawn up with a view to improving the economic condition of the tribals. The Team suggests that a power load survey may be undertaken in the Territory so that a phased programme may be undertaken in the Territory for the utilisation of power for the benefit of the tribals and generally for the economic advancement of the Territory.

#### **Communications And Tourism**

Quick transport facilities through communicable roads are absolutely necessary for the development of the area. It was brought to the notice of the Team in the course of its tour that the road surfaces get washed away owing to heavy downpour during the monsoon. The recurring damage can be stopped if the existing roads are black-topped. It is more economical in the long run to black-top them.

There are possibilities for the development of tourism in the Territory. The Team recommends that a Tourist Cell may be set up by the Administration for developing and encouraging tourism. A couple of persons possessing the necessary aptitude should be selected and sent to the neighbouring States and States which have taken steps to develop tourism with a view to seeing what facilities would need to be provided for tourists coming to the Territory.

Tourists like to carry souvenirs from the places they visit. This often provides a fillip to the economy of the tourist centres. The Administration may consider if any products of local handicrafts can be developed as possible attractions for the tourists coming to Dadra and Nagar Haveli.

## Education

A School Mothers Scheme has been recently taken up in the Territory with the object of increasing the enrolment of children in Primary Schools and creating an interest among the tribal children in education. The School Mothers visit the houses of children of school going age, escort them to the schools and look after their cleanliness, personal hygiene and health while attending to their extra curricular activities and maintaining contacts with their parents and guardians. The results of the scheme may be watched and if successful, it can be introduced in tribal areas in other States where girls, in particular, lag behind boys in education.

Out of 72 villages of the Territory, 9 villages are without Primary Schools. There is, therefore, an urgent need to open Primary Schools in these 9 villages.

Among the tribes, the Varlis who form 51 per cent of the tribal population, are most backward. It is necessary that special educational programmes should be taken up for them.

As the percentage of literacy among girls is very low, there is an urgent need to provide more facilities for their education. In this context it was represented to the Team that a hostel for Adivasi girls should be started at Khanvel. In Nagar Haveli, there are 5,000 students of whom 4,000 are tribals. Although educational institutions were started only a few years back, there is a great demand for Educational Societies from tribals. It is important that steps should be taken to satisfy this healthy urge of the people.

For developing tribal initiative and leadership, the hostel run by the Advasi Sevak Samaj and Sudharan Mandal needs to be encouraged by the grant of financial assistance.

At present tribals find employment in Agriculture and Forest Labour Cooperative Societies as unskilled labourers. Unemployment amongst educated youths leads to frustration. There is, therefore, an urgent need to provide facilities for vocational training to tribal students to enable them to secure suitable employment.

One technical school is under-construction at Naroli. It will impart training in carpentry, tailoring, typing, drawing, etc. One such school is needed in the Khanvel area.

The tribal students are given two pairs of wearing apparel free of cost during the year. It was represented to the Team that three to four pairs were needed. This matter may be looked into by the Administration.

In order to provide employment to educated tribals, the rule about appointing trained teachers may be relaxed in favour of tribal youths who may be deputed for training after appointment.

One Ashram School is needed at Dudhani. A separate hostel for girls is also a necessity there.

Out of 96 Primary Schools, 40 schools are located in private buildings. In the interest of efficient working of the schools, it is necessary that these schools should have their own pucca buildings. For this purpose, the Administration will have to undertake a bold programme for the construction of school buildings on a phased basis. As a large number of buildings will have to be constructed it is suggested that a small Committee of Officers of the Administration consisting of representatives from Engineering Department, Education Department, Planning Department, etc., may be set up to lay down the norms and standards for the construction of school buildings to ensure rational utilisation of space as well as economy in expenditure.

## Medical, Public Health And Housing

It appears that the shortage of doctors has been a chronic problem in the Territory. In order to attract doctors and other ancillary staff, it is necessary to provide facilities like residential accommodation and offer inducements in respect of special pay, etc. The proposal of the Administration that the posts of doctors sanctioned for the Territory should be included in the cadre of class II Medical Officers in the Central Health Services, offers a way to oust the difficulty and should be accepted. Doctors posted to the area should, as far as possible, know the language of the place or in the alternative they should be required to acquire a working knowledge of the language within six months of their posting. Rewards may be offered to those who pass a test in the language.

A survey of the needs of drinking water may be undertaken by the Administration with a view to formulating, if feasible, a scheme for an integrated drinking water supply for the whole Territory. It was represented to the Team that as water is available at a depth of 60 feet, the cost of construction of a well was as high as Rs 4,000 to Rs. 5,000. There is, therefore, a clear case for providing financial assistance by Government for the construction of wells in areas where there are no sources of safe drinking water.

Tribals have, by and large, no properly constructed houses. Most of the huts of tribals are Kutcha, bamboo, wood straw and mud are used in their construction. They are dark and dingy and without any civic amenities. The tribals reside in huts scattered over the hills. In order to provide civic amenities to tribals it would be necessary to settle them on village sites. It is, however, for the Administration to examine whether this is feasible in the conditions obtaining in the Territory.

A scheme is in force for providing house sites and

for giving financial assistance for the construction of houses for tribals. On the basis of an estimated cost of Rs. 1200, the Government grants a subsidy of Rs. 900 (75 per cent) while the balance of Rs. 300 has to be found by the tribals from their own resources. In actual practice, however the cost of constructing a house comes to not less than Rs. 2,000. The Team, therefore,

suggests that the 75 per cent subsidy may be calculated not on the unreal cost of Rs. 1200 but on the actual cost. The Team would further emphasize that the pattern of financial assistance need not be uniform for all tribal areas since these differ widely from place to place.

## **STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES, 1966—REPORT ON GUJARAT**

New Delhi, Planning Commission, Committee on Plan  
Projects, 1966. 128p.

**Chairman :** Shri P. Shilu Ao.

**Members :** Shri L.M. Shrikant; Shri B. Mehta  
(Replaced by Shri T. Sivasankar).

**Secretary :** Shri Mohan Lal (replaced by Dr. G.D. Patel).

### **APPOINTMENT**

Programmes for the welfare and development of Scheduled Tribes form an integral part of the Five Year Plans. Although significant progress has been achieved in several directions. It is important that during the Fourth and Fifth Plan periods, the process of economic opportunities and greater integration with the rest of the population are essential both for the welfare of tribal communities and progress of the country as a whole.

The draft outline of the Fourth Five Year Plan provides substantial resources for special programmes for the welfare in number of directions in which current development programmes should be reoriented. In the light of past experience, it has become essential that the schemes formulated should enable the tribal communities to secure an adequate share in the benefits of general development programmes and speed up their economic and social advance. With the object of giving practical effect to these recommendations and assisting State Government in evolving concrete schemes of development which are specially adapted to the needs and conditions of tribal areas at the suggestion of the Planning Commission. The Government of India, Planning Commission, Committee on Plan Projects have set up a Study Team on Tribal Development Programmes vide their Resolution No. Opp/Adm/16(i)

66, dated October 26, 1966.

### **TERMS OF REFERENCE**

(a) Study the problems and needs of the tribal communities in each State;

(b) Appraise the working of Tribal Development Programmes, especially during the Third Five Year Plan;

(c) Ascertain how far the schemes formulated so far have enabled the tribal communities to secure an adequate share in the benefits accruing from the general development programmes;

(d) Make detailed recommendations regarding the lives on which the schemes should be oriented in the Fourth Plan to accelerate progress; and

(e) Suggest measures for strengthening the administrative machinery and harnessing tribal leadership and institutions so as to ensure their fullest participation in the tasks of economic and social development.

### **CONTENTS**

Introduction; Administration; Development Plans; Land Problems; Agricultural Programmes; Forests; Community Development, Panchayati Raj and Co-operation; Industries; Mineral and Power; Transport and Communications; Education; Health and Housing; Research and Training; Summary of Recommendations and Conclusions; Annexures I to XVI.

### **RECOMMENDATIONS**

#### **Land Problem**

In the Nanded Taluka (Broach), the Tadaris acquire-

ed ownership under the Tenancy Legislation but many of them, on failure to pay the occupancy price in three instalments within the prescribed time-limit, lost the lands. The Team is of the view that a rigid legalistic approach ought to be avoided in the case of tribals who are generally illiterate and are hardly aware of the legal provision and suggests that the matter may be looked into by the State Government. Where a tribal has made an honest attempt to cultivate the land allotted to him and his default is for reasons beyond his control extension of time to enable him to make the payment should be liberally granted. The power to resume land should be used in demonstrably bad cases of wilful default and only as a last resort.

Landless agricultural labourers have no house-sites of their own. As a result, they have to build houses on the lands owned by their landlords and remain at their mercy. The Team would, therefore, suggest that Government should provide house-sites to such landless agricultural tribals on an urgent basis to prevent exploitation by the land-owners.

Voluntary agricultural implements have not become popular as yet among the tribals. In order to popularise the use of these implements, intensive propaganda is necessary in the tribal areas. There is also need for a mobile unit for demonstration of improved agricultural implements in these areas.

Bulldozers and allied items of farm machinery are given by Government only when there is a workshop available for repairs in the district. As there is no workshop at the district level in Broach, these items are not made available in the district. In order to make available such equipment for use on farms, there is an urgent need for setting up a workshop in the district.

A tribal may be given subsidy on the basis of the size of his holding. For the construction of a well, financial assistance may be granted to a small holder in the form of 75 per cent grant and 25 per cent loan. Loans so advanced may be interest free and repayable within a period of 10 years. Repayment, however, may not be insisted upon during the first two years after the grant.

In 1964, an agricultural farm was set up at Waghai (Dangs) for research in 'nagli' and rice cultivation. The Team suggests that the possibility of locating an Agricultural School near the farm may also be considered.

Having regard to their peculiar geographical conditions, it appears that the tribal areas of the inland districts need special schemes for fishery development. These areas lack a perennial water sheet mainly due to the hilly and rocky terrain.

A few small streams and brooks, which spring up

during monsoon, drain the area quickly because of steep gradients and leave it dry. It is, therefore, felt that water conservation is a necessity for the development of fisheries in the tribal regions.

In the case of minor irrigation schemes, it is found that pure loan schemes are not popular. There is need for an element of subsidy in the financial assistance given by Government. The Team, therefore, suggests that the financial assistance may consist of 50 per cent subsidy and 50 per cent loan.

Where the soil is rocky, blasting machines are needed for the construction of wells. Without such machines wells cannot be constructed in the Baroda district. It is, therefore, suggested that a few blasting machines may be made available to the District Panchayats which may hire them out to the tribals on payment of reasonable hire charges.

### Forests

Apart from general privileges in forest areas, the tribals enjoy certain special privileges which vary from district to district. The Study Team suggests that to avoid any possible heart-burning among the tribals in different districts, privileges and concessions should, as far as possible, be extended on a uniform basis to all the tribals irrespective of the region which they inhabit.

At present, Forest Labour Cooperative Societies are given forest. Coopes according to a revised formula under which the net profit, after deducting the admissible expenditure under 33 items from the sale proceeds, is shared on a 80 : 20 basis between the Government and the Cooperative Societies. During its tour, the Team was informed that out of the 20 per cent profit, only 6 per cent remained with the society as the other 14 per cent was absorbed by other items of expenditure such as income tax, audit fees, etc. It was, therefore, suggested that the percentage of the share of the societies should be increased.

Audit fees charged by the Cooperative Department are at present not included in the 33 items of admissible expenditure for the working of the coopes. The cooperatives take the view that these audit fees are an essential ingredient of expenditure, and should therefore, be included in the items of admissible expenditure. The Study Team is inclined to agree with the cooperatives although a contrary view is taken by the Forest Department which holds that the audit fee does not fall within the scope of the expenditure on the working of the coopes.

The cooperatives have to pay insurance charges against fire and loss by theft, etc. They, therefore, request that these charges should also be included in the items of admissible expenditure. The Forest

Department does not agree to this suggestion. The Team feels that there is considerable force in the contention of the cooperatives.

The societies suffer from certain difficulties; the right type of staff is not always available to cooperatives with the result that they are not able to function properly and undesirable persons get themselves enrolled as members and indulge in various malpractices. Great care has, therefore, to be taken at the time of registering cooperatives to see that undesirable persons are not enrolled as members.

Forest Labour Cooperative Societies should be increasingly involved in tribal development programmes. It will be worthwhile to ascertain the amounts spent by such cooperatives for the welfare of tribals in the tribal areas. With a view to encouraging the cooperatives to take up tribal welfare schemes, rebate may be allowed to them on expenditure incurred on schemes of tribal welfare while computing Income-tax.

#### Community Development, Panchayati Raj And Co-operation

As an incentive, a special pay of 20 per cent of the basic pay is given in the case of technical staff and 10 per cent in the case of non-technical personnel provided they serve in the tribal areas for five years. Notwithstanding this incentive personnel are not willing to go to tribal areas and the transfers among the Block Staff are frequent. It is necessary, therefore, that while posting staff to the tribal areas some check should be exercised to ensure that only such persons are appointed as are oriented by training and temperament for tribal work and necessary facilities such as residential accommodation and medical assistance, should be provided to them.

There is need to assist the Panchayats in building up remunerative assets and in training officials and non-officials.

Out of seven districts, only three have societies where credit needs are linked to marketing. The Team suggests that steps may be taken to make good the omission in other districts also. This has become all the more necessary as it appears that overdues in some of these districts have been mounting up.

Notwithstanding the establishment of credit societies it is noticed that money-lending by traders and others continues on the same scale as before. It will, therefore, be useful if a survey is conducted with a view to ascertaining the percentages of credit supplied by money-lenders, cooperatives and others and assessing the impact of the operations of Money-Lenders, Act on the tribal economy.

A proposal for the establishment of a Development Corporation for tribal development which was mooted

some years back appears to have met with resistance apparently for the reason that such a Corporation would adversely affect the cooperative movement. The Team is, however, of the view that a Corporation is essential for tribal development and is glad to note that the proposal has been revived and is being considered by the State Government.

Forest Labour Cooperative Societies have been established in forest areas. They have been successful and have benefited the tribals because of the association of the Social Workers with the working of these societies. The association of dedicated voluntary social workers with the cooperative movement should, therefore, be encouraged.

It was apparent during the discussions with the State officials that the Bombay Money-Lenders Act, 1945 was quite adequate for regulating money-lending. What was required was a stricter enforcement of the Act. For this purpose, the present staff was deemed inadequate. The Team suggests that it may be strengthened. It was, also felt that if the offenders were fined heavily or sentenced to imprisonment in suitable cases for contravention of the law, it might have a deterrent effect on money-lenders.

#### Industries, Minerals And Power

The benefits, derived by the tribals from the projects located in tribal areas of Gujarat, have been restricted to employment opportunities in unskilled jobs. The Team considers that it is not enough to provide tribals with employment as unskilled labourers. There will be no significant improvement in their economic condition nor will they ever rise in the social scale if the best that we can do is to ask them to work as wage earners on a daily pittance. To make any real impact on their economy it is important to ensure that tribals develop technical skills. Educational programmes for tribals should lay emphasis on mathematics and science from the earliest stages and selected students should be located, as far as possible, in tribal areas where industrial development is taking place.

#### Transport And Communications

In the Surat district where half of the population is tribal, many villages are not accessible during the monsoon. The need for developing communications by the construction of roads in these areas is urgent and should be given priority.

Most of the tribals tracts of the Rajpipla division of the Broach district, do not even have cart-tracks to provide communication facilities in the area. A phased programme of road construction needs to be taken up urgently.

In the Dharampur taluka of Bulsar district, new



roads are needed, particularly in the border areas. Out of 240 villages, apart from being an economic handicap the absence of roads makes it difficult to run Schools in the tribal areas. The following new roads need to be constructed for the development of tribal areas in the States :

- (i) Dharampur to Nasik road (39 miles)
- (ii) Dharampur to Surgana road (38 miles)
- (iii) Dharampur to Pangarbari road (20 miles)
- (iv) Dharampur to Gadhi Bildha road (23 miles)
- (v) Mankad-Dhamni road (30 miles) and
- (vi) Dhabkhal-Sildah and Fatehpur road (30 miles)

#### Education

The Team understands that Book Banks are proposed to be started from 1970-71 at three places where books for medical, technical, engineering and I.T.I. Students will be available. The State Government are also considering a proposal to provide surgical instruments to medical students of tribal communities. The Team feels that the scheme will benefit the students of tribal communities who are generally not in a position to buy costly instruments and would suggest that it be given effect to as soon as possible.

#### Health And Housing

During its tour, the following problems were brought to the notice of the Team :

In the Broach district, Primary Health Centres in some Blocks had no doctors, in their absence the centres were being run by compounders. It was urged that at Nanded, a 100-bed hospital was urgently needed to serve the surrounding tribal area. It was suggested that the Vadia Place, the building of the Maharaja of Rajpipla, could well be converted into a hospital.

The maternity home in Chhota Udaipur Block did not have an adequate stock of medicines. The need for a mobile van for serving the interior tribal areas in the Block was also urged.

The Team trusts that the State Government will look into these matters.

Drinking water supply is generally inadequate in areas inhabited by tribals and extremely inadequate in the interior parts of tribal areas. Facilities for the supply of drinking water are being provided by constructing wells in tribal areas. The work is being done by voluntary organisations which are paid upto 87-1/2 per cent of the expenditure incurred. However, in view of the large number of villages, without adequate drinking water facilities, it is necessary to allocate more funds for this purpose.

#### Research And Training

A follow-up enquiry of the career of the trainees

who received training at the Tribal Research Institute revealed that out of 100 trainees, who responded to the questionnaire of the Institute, 65 were working in the Tribal Development Blocks, while 20 of the men trained had never been posted in the Tribal Development Blocks either before or after the training. The steps should be taken to ensure that the training imparted to the officers is fully utilised.

At present the Tribal Research Institute appears to be imparting training to Government Officers only. The Team feels that the Institute could widen its sphere of usefulness by giving training and tribal orientation to non-official workers also. This can be done without any extra cost as, according to information furnished to the Team, sufficient number of officers are not being sponsored for training with the result that the training capacity of the Institute is not being fully utilized.

The research staff sanction is not adequate and this has naturally been affecting the pace of research studies. To enable the Institute to do justice to the work which it is expected to do the Team hopes that the State Government will take urgent steps to augment its research staff.

As the museum has just been started, it is necessary for its proper organisation and continuous development to have a field unit consisting of a photographer, a musicologist and a technician, which may visit the tribal areas and collect various types of material suitable for exhibition in the museum, take photographs, prepare films on tribal life, etc., and taperecords of tribal folk songs. As the tribal life is undergoing rapid changes, this type of work will have to be completed as early as possible. Later on it might not be possible to get an accurate picture of real tribal culture. The Team also suggests that a qualified Curator should be appointed to take charge of the museum.

It is imperative, in the interest of proper functioning of the Institute, that its schemes are sanctioned expeditiously and grants released in time so that any possible dislocation in the programme and pace of work is obviated. To place the procedure for sanction of grants to the Institute on a sounder footing, the Team suggests that the Education and Labour Department, may, in consultation with the Finance Department, examine the present procedure with regard to the release of grants to the Institute and further simplify and streamline it, if necessary.

The Tribal Research Institute should be closely associated by the Government at the time of formulation of State's Five Year and Annual Plans as well as other schemes of tribal welfare. The State Government may also consider the need for the strengthening of arrangements relating to coordination between the Institute and other Departments concerned with tribal welfare

such as the C.D. Department, Cooperation Department, so that the services of the Institute may be utilised by them for studies bearing tribal development pro-

grammes in which they are interested and thus help in making the work of the Institute action-oriented.

## **STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES, 1966—REPORT ON HIMACHAL PRADESH**

New Delhi, Planning Commission, Committee on Plan Projects, 1966. 72p.

Chairman : Shri P. Shilu Ao.

Members : Shri L.M. Shrikant ; Shri B. Mehta  
(Replaced by Shri T. Sivasankar).

Secretary : Shri Mohan Lal (replaced by Dr. G.D. Patel).

### **APPOINTMENT**

Programmes for the welfare and development of Scheduled Tribes form an integral part of the Five Year Plans. Although significant progress has been achieved in several directions. It is important that during the Fourth and Fifth Plan periods the process of economic and social development should be greatly accelerated. Rising levels of well being, growing economic opportunities and greater integration with the rest of the population are essential both for the welfare of tribal communities and the progress of the country as a whole.

The draft outline of the Fourth Five Year Plan provides substantial resources for the special programmes for the welfare in a number of directions in which current development programmes should be reoriented. In the light of past experience, it has become essential that the schemes formulated should enable communities to secure an adequate share in the benefits of general development programmes and speed up their economic and social advance. With the object of giving practical effect to these recommendations and assisting the Government in evolving concrete schemes of development which are specially adapted to the needs and conditions of tribal areas at the suggestion of the Planning Commission, the Government of India, Planning Commission, Committee on Plan Projects have set up a Study Team on Tribal Development Programmes vide their Resolution No. Opp/Adm/16(1)66, dated, October 26, 1966.

### **TERMS OF REFERENCE**

(a) To study the problems and needs of the tribal communities in each State;

(b) Appraise the working of tribal development programmes, especially during the Third Five Year Plan;

(c) Ascertain how far the schemes formulated so far have enabled the tribal communities to secure an adequate share in the benefits accruing from the general development programmes;

(d) Make detailed recommendations regarding the lives on which the schemes should be oriented in the Fourth Plan to accelerate progress; and

(e) Suggest measures for strengthening the administrative machinery and harnessing tribal leadership and institutions so as to ensure their fullest participation in the tasks of economic and social development.

### **CONTENT**

Introduction ; Planned Development ; Tribes Advisory Committee and Re-organisation of Districts ; Agriculture ; Animal Husbandry and Minor Irrigation ; Forests ; Community Development, Panchayati Raj and Cooperation ; Industries, Minerals and Power ; Communications ; Education ; Medical and Public Health ; Summary of Suggestions and Recommendations ; Annexures I to X.

### **RECOMMENDATIONS**

A socio economic survey of different tribes should be made not only to formulate special schemes to correct the imbalance but also to deschedule the economically advanced tribes so that more funds may be released for the more backward tribes.

#### **Planned Development**

An Evaluation Committee consisting of officials and non-officials may be appointed at the State level to assess the impact of the general and tribal development programmes on the tribal economy.

#### **Tribes Advisory Committee And Re Organisation Of Districts**

A Tribes Advisory Committee may be appointed

under executive orders in consultation with the Ministry of Home Affairs. It should have powers similar to those enjoyed by the Punjab Tribes Advisory Council.

The districts of Chamba, Lahaul and Spiti and Kinnaur need to be recognised. The Spiti sub-division may be transferred to the adjacent Kinnaur district. Similarly, Pangti tehsil of Chamba district may be transferred to the Lahul sub-division to form a new district with Udaipur as the district head-quarters.

#### Agriculture

Provision may be made for potato grinding and dehydration plant of a medium size in Lahul and Spiti district.

Godowns at suitable place may be constructed in Lahul, Spiti, Pangti and Bharmour areas for storage of foodgrains and other essential commodities by the Civil Supply Department.

There is need to make arrangements for timely distribution of fertilizers and to start demonstration farms in tribal areas to educate tribals in the proper use of fertilizers.

With a view to taking plant protection measures, a survey should be undertaken to determine the incidence of root-rot and hail Zone areas where orchards cannot flourish.

There is need to ascertain the reasons for failure of Panchayat nurseries and community orchards and to take remedial measures.

Evaluation Committee should be revived for mid-term appraisal of the development programmes including schemes for the promotion of horticulture. Arrangements should also be made for periodical inspections by the State and All-India Committees of all important schemes in order to apply correctives in time.

The number of sheep and goats should be limited to the availability of pastures and to get the best out of the grazing, sheep and goats should be of the improved variety. It is, therefore, important to supply good rams and he-goats to every flock to grade up the progeny.

In order to make sufficient water available for irrigation in Lahaul and Spiti district, the old Kuhls need to be repaired and new Kuhls constructed and pipes used wherever possible.

After completion of the survey of irrigation potential, a phased programme for development of irrigation and micro-hydel generation may be drawn up for the benefit of the tribal areas.

#### Forests

It is necessary to make a fresh forest survey to determine which areas should be retained as forests and which released for cultivation.

#### Community Development, Panchayati Raj And Cooperation

As in Kinnaur and Lahaul and Spiti districts, S.D.Os in Pangti and Bharmour blocks may also be made to function as B.D.Os to ensure proper coordination and implementation of development programmes. The Department of welfare should be actively associated with the implementation of T.D. Programmes.

There is need for the Administration to devise special schemes for Bharmour and Pangti blocks of the Chamba district while formulating Fourth Plan to correct the imbalance existing between these and other tribal areas.

The Administration should ensure that completion certificates for water supply schemes are issued after proper check.

In view of the migratory character of the tribals and their different levels of development, the normal T.D. pattern should be modified so as to meet the special tribals needs and local conditions obtaining in the Pangti and Bharmour areas of the Chamba district.

There is urgent need to provide credit to those tribes who move down to Kangra and other places at lower altitudes either through Cooperatives or Government agencies during their migration.

To enable the tribals to obtain a fair price for their products, it is necessary that a scheme for marketing of their produce is undertaken. The Khadi Ashram and the State Department of Social Welfare have an important role to play in the marketing of the produce.

Special Schemes may be undertaken for intensifying development activities in backward areas having large concentration of tribals like Mahla and Batiyat blocks in Chamba district and certain small pockets of tribals in Chamba, Kulu, Mahasu and Kangra districts.

It is necessary that the Department of Welfare should be suitably strengthened and given control and supervision over the execution of T.D. Programmes. Sufficient funds should also be made available for completion and maintenance of schemes. For effective implementation, a nominated Block Development Committee with the local MLA as ex-officio member needs to be appointed to watch the progress of development programmes. The marketing of the costus root, which is used as incense and progressive, and the processing unit for extraction of oil from this root requires to be organized on a co-operative basis.

For the economic development of tribals, purchase and sale unions should be started in the tribal areas. Kutch may be sold through the Himachal Pradesh Small-Scale Industries Corporation. The bye-laws of the societies operating in the tribal areas.

## Industries, Minerals And Power

In Kinnaur district, it is possible to start forest-based industries and also agro-industries based on its fruit products and vegetable seeds. Chilgoza can be tinned for sale.

Standardization of design for wool spinning and weaving of woollen blankets is necessary for stimulating sales. In order to develop this cottage industry and to prevent exploitation of tribals by middle men, it is necessary for Government to provide funds for institutions like the Khadi Commission (now Rural Industries Commission) to advance loans to sheep breeders in the districts of Kinnaur, Chamba, Lahaul and Spiti.

The 100-spindle spinning unit at Paprola in the Kangra district needs to be taken over by the Co operative Department and reorganized on a co-operative basis. In order to make the unit economic, the number of spindles needs to be raised at least to 600.

To promote the development of small-scale industries, a survey should be undertaken of the existing local industries which could be encouraged for the benefit of tribals.

It is necessary that generating capacity of powerhouse at Keylong should be fully utilised.

A phased programme for the development of micro-hydel power in the tribal areas may be undertaken in consultation with the Central Water and Power Commission.

## Communications

Panchayats should be provided with adequate funds to enable them to maintain the roads in reasonably good repair.

Priority should be given to schemes for establishing proper communications in the Pangti area. The Administration may consider the feasibility of connecting Pangti with Chamba by a tunnel through the Rohtang Pass.

The Administration may undertake in a phased manner the construction of the following roads :

- (i) Rohtang—Dandi—Udaipur—Killar and Batot Roads ;
- (ii) Sumdo—Kaza Road ;
- (iii) Keylong—Kaza Road ;
- (iv) Killar—Keylong Road ;
- (v) Aihja Surahi Pass—Khadamukh—Kalieho Road ;
- (vi) Chanju—Tindi Road ; and

(vii) Tisa Devikothi Ahal Road.

If would be necessary to construct link roads to the valleys and also foot-paths and bridle-paths for pastures in the areas of Lahaul and Spiti district, Pangti and Bharmour in the Chamba district and Kalpa in the Kinnaur district.

The Administration should make available to muleteers grants for breeding ponies and the opening of a small breeding station which will serve as a nucleus for breeding purposes in the area. For facilitating mule transport, stage shelters should be provided at appropriate places.

For providing postal and telegraphic facilities to the hilly and snow-bound tribal areas, usual income test should not be applied. Where the telegraphic services are not feasible in the hilly terrain, the provision of commercial wireless services should be considered.

## Education

Till such time as trained teachers are available from amongst tribals, it would be necessary to appoint teachers from outside by granting incentives in the form of special pay, residential accommodation, medical facilities and educational facilities for their children.

In view of the migratory habits of some tribals, it is necessary to provide Ashram schools at suitable places.

In the tribal areas, the teaching of science and mathematics should be given high priority. One high school should be opened at a central place with boarding and lodging facilities for students and teachers at Government cost.

Educational grants may be given in advance to the schools in the tribal areas.

In order to develop leadership among tribals, bright young students should be selected for advance studies in good institutions at Government cost, subject to the condition that they will work for some years in the tribal areas after completing their course.

## Medical And Public Health

A mobile dispensary may be provided to serve certain villages of the Bharmour block.

Special incentives should be given to attract qualified doctors to serve in out of the way tribal areas.

An evaluation study of execution of water supply schemes should be made to identify and remove the difficulties felt in the implementation of these and other schemes.

# STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES, 1966—REPORT ON ALL INDIA

New Delhi, Planning Commission, Committee On Plan  
Projects, 1969. 261p.

Chairman : Shri P. Shilu Ao.

Members : Shri L.M. Shrikant; Shri T. Sivasankar (appointed from April 12, 1967 in place of Shri B. Mehta, I.A.S. Chief Secretary, Government of Rajasthan who left the Study Team on February 20, 1967, Consequent on his appointment as Member, Official Language (Legislative) Commission).

## Co-opted Members :

Shri V. Raghaviah (Andhra Pradesh); Shri L.K. Doley (Assam); Shri Narayaji (Bihar); Shri Zinabhai Darji (Gujarat); Shri P. Sankaran (Nominated for liaison by The Tamil Nadu Government; Shri Shyam Lal (Madhya Pradesh); Shri Uttamrao Baliram Rathed (Maharashtra); Mrs Yashodhara Dasappa (Mysore); Shri H. Zopianga (Nagaland); Shri Ambalal Vyas (Orissa); Late Shri Manikya Lal Verma (Rajasthan); Shri N. Raychaudhuri (West Bengal); Shri Des Raj Mahajan (Himachal Pradesh); Shri L. Solomon (Manipur was nominated as the Co-opted Member but as the territory was under President's rule at the time of the Team's visit, Shri T. Kipgen, Development Secretary was treated as the Co-opted member); Smt. Omem Deori (N.E.F.A.); Shri H.S. Deb Barma (Tripura).

## APPOINTMENT

At the instance of the Planning Commission, the Committee on Plan Projects constituted in its Resolution No. Copp/Adm/16(1)/66 dated October 26, 1966 a Study Team on Tribal Development Programmes with the object of giving practical effect to the recommendations made in the Original Fourth Five Year Plan Draft Outline for the Welfare of Scheduled Tribes and for assisting State Governments in evolving concrete schemes of development specially adapted to the needs and conditions of tribal communities and areas. No Copp/Adm/16(1)66: Programmes for the welfare and development of Scheduled Tribes from an integral part of the Five Year Plans. Although significant progress has been achieved in several directions, it is important that during the Fourth and Fifth Plan periods the process of economic and social development among

tribal communities should be greatly accelerated. Rising levels of well-being growing economic opportunities and greater integration with the rest of the population are essential both for the welfare of tribal communities and the progress of the country as a whole.

The Draft Outline of the Fourth Five Year Plan provides substantial resources for special programmes for the welfare of tribal communities and indicates a number of directions in which current development programmes should be reoriented. In the light of past experience, it has become essential that the schemes formulated should enable the tribal communities to secure an adequate share in the benefits of general development programmes and speed up their economic and social advance. With the object of giving practical effect to these recommendations and assisting State Governments in evolving concrete schemes of development which are specially adapted to the needs and conditions of tribal areas, at the suggestion of the Planning Commission, the Committee on Plan Projects have set up a Study Team on Tribal Development Programmes.

## TERMS OF REFERENCE

(a) Study of the problems and needs of the tribal Communities in each State;

(b) Appraise the working of tribal development programmes, specially during the Third Five Year Plan;

(c) Ascertain how far the schemes formulated so far have enabled the tribal communities to secure an adequate share in the benefits accruing from the general development programmes;

(d) Make detailed recommendations regarding the lines on which the schemes should be oriented in the Fourth Plan to accelerate progress; and

(e) Suggest measures for strengthening the administrative machinery and harnessing tribal leadership and institutions so as to ensure their fullest participation in the task of economic and social development.

## CONTENTS

PART I: General and Brief Review of Programmes : Introductory; General; Five Year Plans; Brief Review of Programmes; Agriculture and Allied Programmes; PART II: Development Programmes : Agriculture and Allied

Sectors; Forests; Tribal Development Blocks; Co-operation; Indebtedness; Education; Medical and Public Health; Drinking Water Facilities; Transport and Communications; Industry, Minerals and Power ; **PART III: Administration and Institutional Set Up : Administration and Institutional Set Up; Research and Training;** **PART IV: Constitutional Provisions : Summary of Recommendations; Annexures from I to XXXIII.**

## RECOMMENDATIONS

### General

As resources are limited time has come for resolute action to be taken to deschedule on one hand and more advanced tribal communities on the other, to include communities which ought never to have been included in the list of Scheduled Tribes.

Certain anomalies in classification of tribes have come to the notice of the Team which, even after the appointment of the Advisory Committee on the Revision of Lists of Scheduled Castes and Scheduled Tribes, continue to persist. These anomalies have arisen largely because of the absence of clearly defined principles or criteria governing the classification of tribes.

As at present even obvious mistakes in classification cannot be corrected except by legislation, it will be for Parliament to consider whether provision should not be made in the proposed legislation to set up a suitable machinery for the speedy rectification of palpable anomalies and mistakes in the classification of Scheduled Tribes. As it is of the utmost important that Parliament should have reasoned and objective advice while considering the inclusion of any community in or exclusion of any community from the list of Scheduled Tribes, the Study Team suggests that a high powered Commission, consisting among others, of anthropologist, social workers, administrators and legislators, may be appointed as and when necessary, to draw up a revised list of Scheduled Tribes as a scientific basis for consideration and approval by the Parliament and also to assist the Parliament in rectifying anomalies.

The National Council of Applied Economic Research has agreed to undertake, with the assistance of the Tribal Research Institutes, a socio-economic survey of the tribal belt in Central India at a moderate cost. The cost of the survey may be met by the Central Government.

In States which have no Tribal Research Institutes, socio-economic surveys may be conducted jointly by the Bureau of Economics and Statistics and the Tribal Welfare Department. The Central Government may meet the cost of such surveys.

### Five Year Plans

The Team has no comments to make on the priori-

ties adopted in the Third Plan and while recognising that deviations may be necessary in the light of needs disclosed after a socio-economic survey in particular areas, suggests the adoption of the same in the Fourth Plan.

The delay in the implimentation of considered recommendations made by the Scheduled Areas and Scheduled Tribes Commission and other high level bodies in the past to protect the rights of the tribals has worsend the position which these recommendation were intended to correct while the failure to pay attention to and to profit by their advice a matters, pertaining to the formulations and implementation of tribal development programmes has resulted in the failure of ambitious schemes and consequent waste of valuable resources.

No conscious attempt has been made by any of the State Governments with the solitary exception of Andhra Pradesh, to ensure that the tribals receive a reasonable share of the benefits from the general development programmes to which they, as citizens of the State, are legitimately entitled. Broadly speaking, the planners in the States have proceeded on the basis that the special provision is the only provision available to finance Tribal development programmes. The Planning Commission should stipulate as a condition of approval of State Plans that their general development programmes should take into consideration the needs of the tribals and indicate the direction in which and, wherever possible, the extent to which the programmes, are expected to benefit the tribal communities.

It would be useful if a permanent cell is established in the proposed Evaluation Wing of the Planning Commission for evaluating from time to time the tribal welfare schemes in order to assess the impact of the welfare measures on the tribals in different areas.

A reasonable percentage of the special provision which the Planning Commission proposes to make in the Fourth Plan for the development of backward areas may be earmarked specifically for the development of the more backward amongst the tribal areas.

Tribal Development Programmes should be exhibited separately and not as a part of the Social Services. As the funds now provided are inadequate and bear no relation to the needs, care should be taken to see that the size of any cuts that may be necessitated by a reduction in Plan allocations is not such as to dislocate or bring to a halt important tribal development programmes.

The Team would reiterate the recommendation of the S.A. and S.T. Commission for the constitution of a non-lapsable Tribal Welfare Fund on the lines of Central Road Reserve Fund.

There is a marked imbalance in development among

the tribal communities. A large number of tribal communities continue to be extremely backward and some of them are still in the primitive food gathering stage. The tribes considered backward by the S.A. & S.T. Commission, the Commissioner for Scheduled Castes and Scheduled Tribes and the Study Team have been marked with an asterisk in the list of tribes in Annexure IXA. However, this classification is tentative and may call for additions and alterations. The State Governments and the Administrations of Union Territories may make an objective study of the extent to which each of the tribal communities living in their respective areas has benefited by the tribal development programmes and select on the basis of such a study the really backward communities which need special attention. The Team suggests that the schemes for their uplift should be treated as Central Schemes and special provision included in the Fourth Plan for the purpose.

### Brief Review Of Programmes

Before embarking on lavish expenditure on land colonisation schemes, the customs and habits of the tribals should be studied and the prospects of success carefully assessed after a thorough investigation. In the implementation of the schemes, steps should be taken to anticipate and avoid the mistakes which have led to the failure of similar schemes in the past.

The key to the economic improvement of the tribal lies in improving his credit-worthiness and there is no better short-term measure calculated to achieve this object than the conferment on him of the rights of ownership. Energetic steps should, therefore, be taken by the State Governments to see that the survey and settlement of tribal areas is completed at an early date and that pattas are granted to the tribals without delay.

The only effective deterrent against the alienation of tribal land to non-tribals is for the authorities concerned to take action *suo motu* to resume, without payment of compensation, land which to their knowledge has been transferred to or is otherwise under the illegal occupation of the non-tribals. For this purpose Special Officers may be appointed to make a summary enquiry into the ownership of land under the occupation of the non-tribals and restore to the original owners, where they can be traced, lands from which they were illegally dispossessed or reserve them for assignment to the landless tribals where the original owners cannot be traced or do not come forward to claim them. As in a large number of cases lands have been in the possession of the non-tribals for years, the Governors may, in the exercise of their powers, under the Fifth Schedule to the constitution, suspend the operation of the Limitation Act with retrospective effect. If retrospective effect can-

not be given otherwise than by a special enactment, legislation for the purpose may be undertaken.

The abolition of Jenmi System in Kerala is overdue. Urgent steps to be taken to extinguish the intermediary rights of the Jenmies as payment of compensation, if necessary.

To end the "Muttadari" system in Andhra Pradesh now would be an act of belated justice. Not to do so would be a gross betrayal at once of the cause of the helpless tribals in the agency areas and a retreat from our solemn obligations to the weaker sections of the community under the Constitution;

(i) Separate percentage should be earmarked for Scheduled Castes and Scheduled Tribes of Government land available for assignment.

(ii) Reservation of land should be absolute and no pre-emptory right of encroachers should be recognised on such land. The State should reserve to itself the right to evict encroachers in the interests of the tribals.

(iii) Although the Welfare Department and the Village Panchayats may be of some assistance to the tribals in filling the forms for allotment of land, the State Government should endeavour to enlist the co-operation of voluntary agencies for the purpose.

The tribals are too poor to pay the contribution expected of them for soil conservation schemes and to insist on a cash contribution is to deny them the benefits of soil conservation measures. While the cash contribution may be waived it would be reasonable to expect the tribals to make some contribution in the shape of labour.

The problem of soil conservation in the area lying in one State cannot be isolated from a similar problem facing the adjoining areas in the neighbouring States. Regional Development Boards should be set up by the Ministry of Food and Agriculture in consultation with the States concerned to draw up a comprehensive and integrated soil conservation programme, each State being responsible for the implementation of the programme in its area.

Early action be taken by the Government of India to amend the Forest Policy Resolution of 1952 casting squarely on the Forest Department the responsibility for the welfare of the tribals living in the forests even if it means some slight loss of revenue. It is not impossible to reconcile the interests of scientific forestry with the interests of the tribals who, if treated with sympathy, will be an asset to the Forest Department.

Development effort instead of correcting the existing imbalance as between tribe and tribe has widened it as the benefits of the schemes undertaken have largely accrued to the more progressive sections amongst them. In the Fourth Plan, special attention should be paid to the areas which have been neglected in the



past and to the tribal communities who have not benefited to any significant extent by the development effort already made.

The social and economic advance of the tribals lies in a judicious synthesis of the T.D. Block concept and the area approach, a synthesis arrived at after a socio-economic techno-economic survey of the area.

In the Scheduled Areas the Governor may, in the exercise of his special powers, suspend, wherever the circumstances so warrant, the operation of the Panchayati Raj legislation and appoint an agency of the Tribal Welfare Department to ensure prompt implementation of development programmes and speedy redress of grievances.

The importance of simplifying the procedure to ensure prompt disposal of applications for loans from Cooperative Societies was emphasized by the S.A. & S.T. Commission and while reiterating its recommendation the Team would only add that there is no great risk in such simplification as a tribal makes a genuine effort to repay his debts.

It does not appear that any action has been taken on the recommendation of the S.A. & S.T. Commission that the Reserve Bank should set up a separate department to deal with the problem of tribal economy on the lines of the Agricultural Credit Department. The Team considers that it is of the utmost importance that the Reserve Bank should be closely associated in any scheme that may be drawn up to make the cooperatives effective instruments for providing credit in the tribal areas.

The Team would like to reiterate the recommendations made by the S.A. & S.T. Commission and other high level Committees on the need for advancing loans on the security of the produce and the importance of linking credit with marketing.

Legislation undertaken by States like Maharashtra, Bihar, Andhra and Orissa to regulate the operations of the money-lender and scale down past debts has failed to loosen the stranglehold of the Sahukar partly because of the devious methods adopted by the latter to defeat its protective provisions and mainly because of the strong sense of honesty in the tribal who, even when he understood the implications of the measures undertaken for his benefit, will not repudiate a debt, however usurious the rate of interest.

While propaganda by voluntary agencies may be of some help in encouraging the tribals to take advantage of debt relief legislation, an evasion of its provisions cannot be presented so long as the State is unable to meet the demands of credit in the tribal areas.

A stage has been reached when Ashram Schools should be up-graded at least to the middle school level. Such a step will help to minimise wastage. To

get the best results, the up-grading of these schools should be accompanied by the establishment of high schools at selected places with hostels for both boys and girls.

Central schools of the residential type should be established at selected centres with facilities for the teaching of science and mathematics and should be manned by a team of well-paid teachers capable of maintaining a standard of teaching comparable with the best obtaining in the schools for the general population.

Instruction in science and mathematics is of the utmost importance for without a proper grounding in these disciplines the tribal students find themselves greatly handicapped in prosecuting their studies in technical schools and colleges.

Where the training is not linked to job opportunities the money spent as such training is a sheer waste of public funds. Where industrial, mining and other projects are located in or near tribal areas, as in Bihar, Madhya Pradesh and Orissa, the skills imparted should be related to the requirements of those industries.

In the Fourth Plan, the emphasis in the field of medical and public health should shift from cure to prevention. The highest priority should be given in the Fourth Plan to the supply of uncontaminated drinking water to the tribals. A survey of the villages where drinking water in scarce should be undertaken and a phased programme for the supply of pure drinking water, either by the sinking of wells or by such other methods as may be suitable for the area, should be drawn up for implementation within a reasonable period. Priority should be given in the programme to villages where there is an acute scarcity of drinking water.

To guard against the contingency of the houses being rejected after construction, consultation with the tribals to ascertain their wishes regarding the design of houses should be made a condition precedent to the approval of any tribal housing scheme.

Instead of dispersing effort over a large number of small housing schemes which are not likely to be appreciated by plains tribals it would be sounder policy to draw up a phased programme of house building, providing for the construction of a reasonable number of houses at a few selected centres every year.

It is important that an objective study of the causes that have contributed to the manifestations of discontent and unrest which have come to notice in certain tribal areas should be made in order that mistakes, if any, in our present approach to the problem of the tribals may be corrected before discontent takes an ugly turn and culminates in an upheaval.

There is now a complete lack of rapport between the officers and the tribal population, which has facilita-

ted the propagation of subversive propaganda amongst the tribals by interested parties out to foment trouble.

The real remedy for agrarian and economic discontent lies in taking effective measures to safeguard the rights of the tribals in land and forests, in restoring to them the lands from which they have, for whatever reason, been illegally dispossessed and in so streamlining the administration as to ensure speedy redressal of genuine grievances.

#### Agriculture And Allied Sectors

Out of a total tribal working population of 169 lakhs, 149 lakhs or about 88 per cent are engaged in agricultural pursuits. Agriculture is thus their mainstay and should be given high priority in any programme of tribal development.

Notwithstanding its obvious disadvantages, shifting cultivation cannot be stopped immediately as it has become a way of life of the tribals who have been practising it for generations. But every effort should be made to regulate it on scientific lines,—as is being done in NEFA,—to minimise its evils. Simultaneously, wherever possible an attempt should be made to wean away the tribals from this harmful practice by undertaking, after adequate investigation, colonisation schemes at places where such colonisation schemes have a reasonable chance of success.

The field officers should supervise and guide the agricultural operations in the agricultural colonies set up for shifting cultivators to enable the newly settled families to acquire an adequate knowledge of the technique of cultivation. The supervisors posted to the colonies should, as far as possible, be persons with a background of practical agriculture and preferably drawn from the Agriculture Department. Where there are a number of agricultural colonies, it would be useful if a separate Agriculture Officer is appointed for making periodical visits to the colonies to guide the colony supervisors in their work.

Wherever sizeable tracts of land are available, mechanised reclamation may be undertaken at Government cost and developed land allotted to the tribals. Central Tractor Organisation of the Government of India may provide the necessary assistance.

In view of the steep rise in prices in recent years, the Government of Manipur may consider whether subsidy for terracing which was fixed at the present level, years ago, should not be increased.

Simultaneously with regulating shifting cultivation steps should be taken to make agriculture more remunerative by encouraging the Scheduled Tribe agriculturists to take to improved methods of agriculture by (a) setting up of demonstration farms; (b) distribution of improved agricultural implements, manure and fertilizers and

high yielding varieties of seeds; and (c) providing credit facilities.

Conditions are favourable for establishing as a co-operative basis a cotton ginning and pressing factory in Banswara district (Rajasthan) where long staple cotton is grown. In Orissa, more could be done to promote agriculture by introducing improved methods of cultivation among the tribals.

The Government of Rajasthan may reconsider their decision not to grant subsidy for the purchase of fertilizers and pesticides and extend financial assistance to the tribals, 50 per cent as grant and the balance as loan.

Improved agricultural implements distributed to tribals should be such as would meet with their approval. While distributing improved implements care should be taken to ensure that repair facilities are available in the vicinity. In Gujarat, there is strong case for setting up a workshop at the district level.

The set-up for the implementation of minor irrigation programmes in tribal areas is unsatisfactory and inadequate in most States. An officer of the rank of an Executive Engineer under the Administrative Control of the Director of Tribal Welfare might be appointed to assist the Panchayats in the development of minor irrigation including the renovation of old tanks, in accordance with a phased programme.

Active steps should be taken to remove the bottleneck concerning the prompt execution of minor irrigation projects in tribal areas.

In Maharashtra and Madhya Pradesh, a subsidy equivalent to 75 per cent of the cost of the pumping set is given to the tribals. Similar concessions may be extended to the tribals in other States. The condition prescribed by some States for popular contribution should also be waived in respect of minor irrigation schemes.

Lack of marketing and communication facilities is a serious bottleneck in Lahaul and Spiti district of Himachal Pradesh where potato is the most important cash crop. When crop matures in October, Rohtang Pass is closed and Lahaul area is cut off. The Team suggests the setting up of a potato grinding and dehydration plant of medium size in the district.

In Kolli Hills in Madras, fruits like jackfruit, quava and banana, which grow in abundance, go to waste for want of adequate marketing facilities. The Team suggests that conditions are favourable for the starting of a Multipurpose Cooperative Society which, besides helping the tribals in marketing their fruits, can provide assistance and guidance to them in such matters as the introduction of scientific methods of agriculture. Financial assistance may be given to the society to set up a cold storage plant.

In vegetable-growing and arched areas of Himachal

Pradesh, a survey should be undertaken to determine the incidence of root-rot and steps taken, well before any serious damage is caused to the fruit bearing trees, to minimise its evil effects and check its spread by plant protection measures.

The Koyas of Andhra Pradesh and Orissa are excellent cattle breeders and maintain large herds of cattle but milking is not a common practice with them. It should be easy with proper orientation to make them good dairymen.

In Nilgiris district, while making adequate grazing facilities available to the Toda buffaloes, steps should be taken to up-grade the local breed by supplying nurrate he-buffaloes to the Todas. The Todas should also be given the assistance of agricultural experts to grow fodder crops and leguminous crops on the Wenlock Downs.

Care should be taken to see that breeding bulls of heavy breed are not supplied to tribal areas where the cows are generally small and stunted.

In Nagaland and NEFA, adequate veterinary aid should be provided to combat disease among animals by establishing diagnostic and investigation laboratories and dispensaries in places which are easily accessible to the tribal people.

It is necessary to undertake surveys to locate water areas which may be used for stocking fish in tribal areas. In Nagaland, besides renovating the derelict tanks and bringing them under pisciculture, small tanks should be constructed in the interior to stock carp fingerlings. This would enable local needs to be met within the village itself.

### Forests

Privileges and concessions should, as far as possible, be given on a uniform basis to all the tribals in a State irrespective of the region in order to avoid heart burning among the tribals. The rules should be framed under the Andhra Pradesh Forests Act, 1967, without further delay to ensure uniformity in the exercise of forest rights by the tribals.

In Manipur, reserved and protected forests are under the control of the Forest Department while the unclassified forests are under the control of the Revenue Department. It is important to have a unified control over forests to ensure that they are scientifically and efficiently managed.

Every Panchayat in the tribal areas may be provided with a copy of a booklet in the regional as well as in the tribal languages giving details of the privileges and concessions for the information of the tribal people. As the tribals are generally illiterate, Panchayats may employ a 'Crier' to give publicity by beat of tom-tom in the concessions in the tribal villages.

There has been no determined effort to give effect to the recommendation made by the S.A. & S.T. Commission that forest villages should be made model villages, self-sufficient as far as possible and provided with essential amenities of life.

In Nagaland, the opening up of the interior private forest areas in the last few years by the construction of roads has resulted in heavy exploitation of virgin forests. The State Government should step in before it is too late and devise ways and means of exploiting these forests scientifically.

In Nagaland, land left bare after jhumming can well be brought under forest cover by planting it with species like Alder Wattle or Eucalyptus which are particularly suited to the needs of the jhumming cycle. Wherever possible, additional areas may be brought under forests to ensure that the area under forests reaches the level indicated in the National Forest Policy Resolution, 1952. The Union Ministry of Food and Agriculture may assist the State Government in securing the services of suitable personnel on deputation from other States.

A legalistic approach to the grievances of the tribals in regard to forest rights is contrary to the spirit of tribal welfare policy.

In Assam, Nagaland and NEFA while the control of the private forests may continue to rest in the existing owners such as District Councils, Village Councils, etc., and the right of royalty may be retained by them, their scientific working should be entrusted to the State Forest Department on their behalf in the overall interest of the entire community.

The friction that exists between the Forest Department and the tribal people can be reduced if tribals are recruited by the Forest Department in reasonable numbers as guards, waterers, peons, mehouts, etc., and whenever possible, to higher posts.

If registration cannot be dispensed with altogether in the case of the tribals, the Block Development Officer should be authorized to perform the functions of the Employment Exchange in their case and it should be open to him to forward direct to the recruiting authorities the names of suitable tribals registered with him.

### Tribal Development Blocks

The budget of a T.D. Block should be sufficiently flexible to enable schemes to be reoriented to suit the wishes and felt needs of the people. It is unrealistic to have an All-India pattern of T.D. Blocks.

For re-orientation of the programmes undertaken by the T.D. Blocks, the State Governments may consider appointing small committees consisting of officers of the various development departments to draw up, in consultation with the local tribal leaders and Block

Officers, programmes with clear priorities of the activities to be undertaken in each Block.

It would be reasonable to shift the burden of expenditure on staff, other than clerical and lower categories of staff, appointed to implement development programmes in T.D. Blocks on to the general provision. Such a procedure would be in consonance with the suggestion repeatedly made by the Government and the Planning Commission that the special provision made for tribal development should be regarded as a supplement to the general provision which at present does not but in fairness should bear a reasonable proportion of the financial burden in the administration and development of the tribal areas.

The danger of confusing the tribals by introducing a large number of programmes has been pointed out by the expert committees who have reviewed the working of the tribal development programmes. The Team suggests that in any programme drawn up, agriculture should ordinarily be given the highest priority.

The life of the T.D. Blocks should be extended to 15 years by adding a new stage—stage III with an additional allocation of Rs. Ten lakhs per Block.

In predominantly tribal districts, which have five or more T.D. Blocks, there should be a separate officer of the rank of Additional District Magistrate responsible to the Collector, to supervise the work of the Block Development Officers and ensure that a proper scheme of priorities is drawn up and implemented. The officer may also be required to undertake periodic evaluation of the working of the Blocks and report his findings to the Tribal Welfare Department through the Collector.

The control of T.D. Blocks should be vested in the Tribal Welfare Department which has an intimate knowledge of the tribal areas and of the needs of the tribal people.

In the T.D. Block set up of Rajasthan, there is provision for the appointment of an Extension Officer (Forests) to guide the people in the preservation and development of forests. This example may well be followed by other States.

It is a grave hardship to call on men working in remote and inaccessible places to pay the same rent as is charged for accommodation with electrical and sanitary fittings at the district and sub-divisional headquarters.

In the absence of monetary and other incentives, suitable persons will not be attracted to work in out of the way in tribal areas.

It is important that officers with special aptitude for tribal welfare work should be posted to work in tribal areas.

To ensure continuity, B.D.Os. and extension staff posted to a particular place should be retained there

for a minimum period of three years to enable them to establish rapport with the tribals and enlist their cooperation and confidence.

The recommendation of the Annual Conference of Community Development and Panchayati Raj that with a view ensuring adequate representation of tribals there should be a relaxation of the educational qualifications should be accepted and given effect to without delay.

The development of tribal villages not covered by the T.D. Blocks should not be ignored. If such villages not covered by the T.D. Blocks, which may be set up in the Fourth Year Plan, separate funds should be earmarked for their development on a per capita basis, corresponding to the per capita provision for the tribal population covered by T.D. Blocks.

The real remedy for avoiding irregularities which are resorted to in order to prevent lapse of funds lies in streamlining the procedure to ensure that sanction for schemes is not held up by slackness on the part of technical departments in according technical approval.

The criterion for starting schemes should be the felt needs of the population inhabiting the area, not the convenience of the Block staff.

Insistence on popular contribution in the T.D. Block has led to the unfortunate result that areas inhabited predominantly by tribals have been deprived of schemes which have been transferred to areas inhabited largely by non-tribals, who unlike the tribals have the capacity to pay. If the tribals are unable to pay the popular contribution it should either be waived altogether or recovered in the shape of labour.

Although West Bengal has a sizeable tribal population the accident that the tribals are not living in compact areas has led to the result that the State is receiving much less assistance than is due to it on the basis of population. There is clearly a case for increased central assistance to West Bengal.

If the Nilgiris area is considered too large to be constituted into a single T.D. Block, the question of starting Sub-Blocks in pockets of tribal concentration in the district may be considered.

### Cooperatives

The State Governments should take a policy decision to liquidate over a reasonable period for forest contractors and replace them by a cooperative agency on the Maharashtra and Gujarat patterns.

The Team trusts that the State Governments and Union Territories will take concrete steps to implement the programme for accelerating progress in the fields of Cooperation suggested by the Special Working Group on Cooperation for Backward Classes.

The Team would suggest a gradual extension of the experimental scheme undertaken in Bagicha and

Gandhwani Blocks in Madhya Pradesh to advance loans to tribals to meet their social needs and for consumption purposes to other States and to the other tribal areas in Madhya Pradesh.

The Reserve Bank should be persuaded to come in a big way to assist the Madhya Pradesh State Tribal Cooperative Development Corporation in tiding over its difficulties. The State Government should also come forward to stand guarantee after satisfying itself that the Corporation is being run on sound lines.

The State Government should give the monopoly of minor forest produce not to a separate Government agency but to the Madhya Pradesh State Tribal Cooperative Development Corporation as has been done in Andhra Pradesh.

A high level Committee be appointed to examine the working of the Andhra Pradesh S.T.C.F. & D. Corporation and make recommendations regarding the action to be taken :

—To remove the difficulties which have hampered its working and stood in the way of an expansion of its activities ; and

—To ensure coordination of the activities of the corporation with those of the cooperative societies which are performing parallel functions.

Meanwhile, it will be necessary for the Government to continue to provide reasonable financial assistance to the Corporation so as to ensure its smooth functioning.

#### Indebtedness

As the conditions in Kolli Hills are specially favourable for introducing a scheme for the liquidation of indebtedness, these areas may be selected for an all-out effort to rid the area of money-lenders.

The Orissa Government may consider the desirability of setting up a Local Advisory Committee, consisting among others of tribal M.L.As and Social Workers to keep a close watch on the working of the purchase, sale and Fair Price Shop Scheme.

Liberal financial assistance should be provided by the Centre to enable the Orissa Government to extend the Purchase, Sale and Fair Price Shop Scheme to other backward tribal pockets. Other State Governments may consider the feasibility of introducing such a scheme in the tribal areas of their States.

The Andhra Pradesh Scheduled Tribes Cooperative Finance and Development Corporation has a scheme to advance loans up to Rs. 250 per tribal cultivator on personal security but due to paucity of funds the schemes has not made much headway. To enable the Corporation to take up the scheme in a big way, the Corporation should be provided adequate financial assistance by way of a loan from the Reserve Bank of

India—backed up by a guarantee from the State Government.

The scheme for the creation of an imprest fund to tackle the problem of money-lending drawn up by the Tripura Administration may be reconsidered by the Union Government and a fair trial given to it.

The weakness in the existing legislative and executive measures to regulate or control money-lending should be identified and suitable safeguards incorporated by undertaking amending legislation to defeat the devious methods adopted by the moneylenders to circumvent the law. Even more important than the plugging of loopholes in the existing legislation is the need for making the tribals aware of the protection given to them and the steps they should take to obtain relief. The assistance of voluntary agencies and Panchayati Raj bodies can be usefully enlisted for this purpose. Special legislation applicable to Scheduled Areas only should be made applicable to tribals living outside those areas.

Legislation should be undertaken without delay to abolish the system of bounded labour which is still prevalent in Mysore, Madras and Kerala. But legislation will help to end it only if it is accompanied by special measures to improve the economic condition of the tribals.

Cooperative credit should be forthcoming in an adequate measure and the procedure simplified to attract the tribal to take advantage of the credit facilities provided by the society.

Patfas should be given to the tribals to improve their credit worthiness and while restrictions are not carried to the point where they are prevented from mortgaging their lands to Cooperative Societies and other approved Credit Agencies.

The Cooperation of voluntary agencies should be enlisted to check by persuasion and propaganda the improvident habits of tribals who spend lavishly at tribal rituals and ceremonies.

#### Education

Education at the primary level should be preceded by pre-primary education of or up to three years' duration. The programme of opening Balwadis—pre-primary schools—should be intensified.

To accelerate progress of education at the primary stage, the following measures are suggested :

(i) Establishment of primary schools within one or two miles of the home of every child. If necessary, the normal norms prescribed for the opening of schools should be relaxed. In very sparsely populated areas, Ashram Schools should be established.

(ii) Grant of attendance allowance to teachers on the basis of enrolment and attendance of tribal children ;

(iii) All tribal students should be given free books and writing materials and also cloth for uniforms. Free mid-day meals should be given to build-up their health.

(iv) The medium of education in the first two years of the school should be the tribal language and books should be prepared in these languages (using the script of the regional languages). During this period, the children should be given oral instruction in the regional language and their familiarity and command over it should be improved.

(v) Services of trained teachers should be secured.

(vi) The school hours should be fixed to suit the work, the children are required to do for their families. Vacations and holidays should coincide with agricultural and forest operations, and social fertilizers; and

(vii) Abolitions of the single-teacher schools whose performance has been unsatisfactory, to the extent possible and their replacement by Ashram Schools.

To meet the needs of the tribal children living in scattered or thinly populated areas, where because of the norms laid down for the opening of the middle schools it is not possible to establish such schools, Ashram Schools, which are popular with the tribals, should be provided and expanded.

In order to ensure that talented children of tribals do not discontinue their studies the States should see that gifted students, when they are spotted, are assisted in every way to prosecute their studies in schools which are manned by competent teachers.

Adequately equipped schools manned by competent teachers, on the lines of Central Schools established in different parts of the country mainly for children of Central Government employees, should be established under a centrally sponsored programme in selected centres in tribal areas with hostel facilities for both boys and girls.

The Education Commission has recommended that the country should gradually work towards a stage when all education should be tuition free. A beginning should be made to make education of tribals free at all stages.

Text-books, stationery, etc., the expenditure on which is more than the tuition fee, should be supplied free. Book Banks may be started in Secondary Schools and in institutions of higher education to ensure that all tribal students are provided with a full set of the text-books needed at the beginning of the school year.

Care should be taken to see that tribal students who are mostly under-nourished are given nourishing food while at school. It should be possible to make balanced diet available to them at moderate cost, if some land, preferably with irrigation facilities, in the vicinity of tribal schools is made available to them for the growing

of fruits and vegetables for consumption by the students.

Students should be encouraged to participate in agricultural activities outside school hours thereby giving their education on agricultural bias.

As eggs and milk are a valuable supplement to the daily diet of pupils there should also be a programme for rearing chickens and milch cows.

In Government Residential Schools in Kerala, all the four primary classes should be run simultaneously so that tribal children in the school going age-group are able to receive education at the proper time.

The disadvantages of a single-teacher school are obvious. It is important that every school should have atleast two teachers.

There should be no great disparity in remuneration of school teachers, belonging to the same category, who work under different managements,—Government, local bodies, and voluntary agencies, and the scales should as far as possible be made uniform. In order to induce good teachers to work in tribal areas it is essential to give them special pay and provide them with residential accommodation. The pupil—teacher ratio should be manageable.

Till such time as qualified trained teachers from amongst the tribals become available it will be necessary to relax qualifications and appoint in primary schools, teachers, who may even be non-matriculates, from amongst the tribals.

It is necessary that reasonably good buildings and equipment should be provided and steps taken to ensure periodical inspections of schools by the inspecting staff of the Education Department.

The problem of education of tribal girls deserves special attention. The Team recommends the establishment of Ashram type schools for tribal girls where general education could be combined with home science education.

Early steps may be taken to review the rates of scholarships and relate them to the cost of living in the districts and towns where the students are required to pursue their studies.

Scholarships should carry with them the concession of book grants and equipment allowance. For students living at a distance from the places of study, provision should be made for the payment of conveyance allowance.

The Team would recommend an enlargement in the scope of the scholarships so as to cover trades and courses like telegraphic, book-keeping, short-hand, type-writing. The assistance to pursue such trades and courses should be given on a more liberal scale.

The administration of scholarships and other aids needs to be decentralised a great deal. Heads of Insti-

tutions should be authorised to grant scholarships, along with admission, on their own authority. For this purpose, the necessary amounts should be placed at their disposal well in advance of the academic year.

To obviate the delay inherent in the present procedure for the grant of post-matric scholarships to students studying in States other than their own, the centre may place at the disposal of the States additional funds for payment of scholarships in such cases, to be adjusted later against the States to which they belong.

There is now a great weakening among the tribals for education. It would be a retrograde step to restrict the grant of scholarships by applying the "means test".

The Team is perturbed at the decision of the Planning Commission to treat the expenditure on post-matric scholarships at the 1968-69 level as non-Plan expenditure, and fears that unless the assistance is continued as heretofore, treating the scheme as a Central Scheme, the programme of post-matric scholarships is likely to receive a severe set-back. The Team trusts that the Finance Commission will, while determining the allocation of resources to the States, keep in view the constitutional responsibility developing on the Central Government for the development of tribal communities.

Since qualified candidates from tribal communities have started coming forward for advanced studies, the number of the scholarships under the Overseas Scholarships Schemes of the Ministry of Education should be increased.

The failure to take advantage of the facilities for reservation of seats offered by vocational and technical institutions is not due to any reluctance on the part of tribal students to go in for technical training but is attributable to the tribal handicap that science and mathematics, a knowledge of which is essential for technical courses, are not taught in tribal schools. The importance of introducing mathematics and science in the curriculum of tribal schools, therefore, needs no emphasis.

As agriculture is of special significance to tribals, it is important that an agricultural bias should be given to tribal education. The school curriculum of the tribal areas should include a course in practical agriculture.

Stipend for training in Industrial Training Institutes should be increased so as to be sufficient to cover the expenses of the training. Hostel arrangements should also be made and financial assistance given to the tribals to settle them in the trades in which they have been trained.

The training programme of Industrial Training Institutes may be reoriented keeping in view the needs for personnel required by different industries and other employing agencies in the vicinity. Successful trainees

should be assisted in securing suitable jobs and for this a follow up programme is essential.

It should be possible to work out suitable arrangements whereby the trainees are given facilities to gain experience in actual working conditions in the industries in which they expect to be absorbed, while the industries offer their own officers to the Industrial Training Institutes for short periods, say 3 to 6 months, to impart training to the trainees.

To enable tribals to select such trades for which they are particularly suited or have a special aptitude, there should be Vocational Guidance Officers who could guide them at the time of admission.

It is necessary to ensure that tribal students who successfully complete their studies do not remain unemployed for long. Separate cells should be set up in the Tribal Welfare Departments to follow up the careers of tribal students, who have received technical or higher education and to assist them, whenever necessary, in finding jobs appropriate to their qualifications and attainments.

The scheme to improve the prospects of employment of tribal candidates passing out from I.T.Is. by giving them stipends and attaching them as unpaid apprentices to selected industrial organisations, which the Government of West Bengal have under consideration, is well worth a trial; it may be treated as a centrally sponsored scheme.

Standards may be relaxed slightly while considering the applications from tribal students for admission to technical institutes. If necessary, they may be required, after joining the institutes, to put in extra periods and even the duration of the courses may be extended by a year or so to enable them to complete their courses. A follow-up programme after they have completed their courses should be an integral part of the programme of education and training of tribals in technical institutions.

#### Medical And Public Health

Doctors will not willingly serve in the tribal areas and will try to get out of those areas if posted, by inventing excuses, unless incentives are given in the shape of allowances and the conditions of living made attractive by providing them with free furnished quarters.

To make service for a specified term in the tribal areas obligatory, a certain number of seats be earmarked by the State Governments in Medical Colleges for persons willingly to work in tribal areas for a minimum period of five years. The cost of their training may be met by the State Government and failure to honour the undertaking should entail refund of the money spent on their education. The question of setting up of a Corps of Doctors for tribal areas on the pattern of the Central Family Planning Corps of Doctors may also



be considered.

A stage has been reached when more stress needs to be laid on public health and preventive measures than on the establishment of new hospitals and dispensaries. The aim of the health programme in the Fourth Plan should be to ensure a fuller utilisation of the existing facilities. Steps should be taken to fill the vacant posts of doctors and other personnel and to strengthen the existing hospitals and dispensaries and expand their coverage. More mobile dispensaries should be started to cater to the needs of remote areas ; and in inaccessible places arrangements should be made to provide first-aid boxes in the schools and other suitable places. Mobile dispensaries should be attached to the sub-divisional hospitals and visits to the villages should be made according to a well-planned schedule after giving advance information to the villagers. Until communications in tribal areas improve, schemes such as, bullock-cart schemes to serve as mobile medical vans should be continued.

Primary Health Centres should be located in places where they can cater to the needs of as many villages as possible. The Team trusts that hereafter the more backward areas will be given priority while opening these centres.

The Team would stress the need for the spread of health education among the tribals. As the tribals are illiterate, audio-visual methods may be adopted to put across to them the basic principles of health and sanitation.

For the control of leprosy, steps should be taken initially to organise leprosy surveys by qualified doctors. The existing leprosy clinics should be up-graded to control units and provided with the requisite number of sub-clinics for extensive as well as intensive leprosy control work. Beds should be reserved for the tribal patients in general leprosy hospitals which normally are not fully occupied. Occupational-cum-therapy vocational training centres should be established in the leprosy clinics having a sizeable number of patients. Vocational training should also be arranged for tribal patients after they are discharged from the leprosy clinics.

The results of the scheme launched by the Government of West Bengal for the training of tribal girls as general duty assistants and for their subsequent absorption in hospitals and health centres may watched and, if successful, it may be adopted by other States.

The Tripura Administration may take up with the Government of India the question of strengthening the existing arrangements to control Malaria.

The scheme for providing financial assistance in the shape of conveyance charges to poor tribal patients living in remote areas and suffering from serious diseases to enable them to go to the nearest hospital, as

is in operation in Tripura, may be adopted by other States. The States may also consider the desirability of providing ambulances at the sub-divisional headquarters for carrying expectant mothers to the nearest maternity centre and patients in serious condition to the nearest-hospital.

The need for the provision of adequate sources of drinking water in the tribal areas cannot be over-emphasized and highest priority should be given to it in the Fourth Plan. The States should undertake a survey of the tribal areas to locate villages where drinking water supply is scarce and a phased programme of sinking wells or providing drinking water by such other methods, as may be feasible, drawn up to be implemented within a reasonable period. Sizeable amounts should be provided in the Fourth Five Year Plan to ensure that no village in the tribal area is without a safe source of drinking water.

In places as in States like Assam and Nagaland, where water supply through gravitation is not possible or is very expensive because of the location of villages which are mostly situated on hill-tops, it may be worthwhile undertaking major schemes whereby drinking water is pumped to storage tanks in some selected villages situated at the highest attitude in the area for distribution by the gravitational method to villages located lower down.

#### Transport And Communications

In Andhra Pradesh, the road from Khalapur to Paderu, although completed, was reported to be unfit for traffic because of an inexcusable omission to construct a few culverts. The result is that tribals who could have marketed their produce within the limits of Andhra Pradesh have now to take it to Orissa for sale.

In Bihar, the interior areas are still devoid of adequate means of communications. The Team was told that many areas in Santhal Parganas were not even connected with the weekly markets (Hattias).

In Manipur, absence of good roads has stood in the way of development, besides making the efficient distribution of available commodities difficult.

In Dadra and Nagar Haveli, to prevent the surface of roads being washed away during the monsoon, the existing roads should be black-topped. The Damanganga cause-way to Rakholi may be converted into a regular bridge so that the area may not be cut off from the outside world during monsoon.

Several villages in Surat district in Gujarat are inaccessible during the monsoon. In any programme for extending communications in the Fourth Plan, a high place may be given to the construction of roads in this district.

In Nagaland, a survey is called for to ascertain the

economic needs of the various areas and roads should be constructed to meet those needs. Roads are urgently needed to open up the valleys and certain other areas in the foot-hills which are particularly suitable for agricultural development. Further the roads now in existence need to be linked up with those in neighbouring States to promote the economic development of Nagaland.

In any programme of road construction in the Fourth Plan period, special attention should be paid to the needs of the backward areas in Tuensang and Chakesang and Zeliang-kuki areas in Kohima (Nagaland).

The bridging of the rivers and improvement of communications should be given high priority in Banswara district in Rajasthan.

In Himachal Pradesh, priority should be given to schemes for establishing proper communications in the Pangri area. The possibility of connecting Pangri with Chamba by a tunnel through the Rohtang Pass may also be examined.

The following roads may be undertaken to connect border areas with headquarters of sub-divisions and districts :—

1. Rohtang—Dandi—Udaipur—Killar and Batob Road ;
2. Sumdo—Kaza Road ;
3. Keylong—Kaza Road ;
4. Killar—Keylong Road ;
5. Chanju—Tindi Road ;
6. Aihju Surahi Pass—Khadamukh  
—Kalicho Road ; and
7. Tisa Devikothi Alal Road.

Link roads should be constructed to connect the valleys with the main roads and also foot-paths and bridle-paths to enable access to pastures in Lahaul and Spiti, Pangri and Bharmour and Kalpa.

In Tripura, there is an urgent need to open up certain isolated areas, particularly the border areas of Kanhanpur and Jampoi Hills, where all-weather roads should be constructed.

The extension of the rail link upto Sabroom, the southern-most sub-divisional town of the Territory is important not only for the all round development of Tripura but also for defence purposes.

It would be useful if the Central Road Research Institute could investigate and lay down suitable specifications for the construction of cheap and durable roads in Tripura, keeping in view the materials available locally for road building and the topographical features of the area.

In Mysore, adequate funds should be provided for the maintenance and upkeep of roads. The Forest Department, the Public Works Department or the

Panchayats concerned, depending on the location of the roads, should be entrusted with the responsibility for the maintenance of roads constructed for the benefit of the tribals.

In West Bengal it is necessary to draw up a perspective plan for the development of communications in the tribal areas and for this purpose, adequate funds should be provided in the tribal welfare budget. The Tribal Welfare Department has also no technical staff to undertake periodical repairs. Unless timely repairs are undertaken the money spent on road construction, will prove to be a waste of public funds. Roads, after construction, may be taken over for maintenance by the Road Department. In some cases, however, it may be expedient to make the Panchayats or local bodies responsible for such works. For this purpose, suitable grants may be made to them from the Tribal Welfare or Road Department funds.

Work on certain roads in Yercaud Block (Madras) which had been taken up for construction in accordance with the Master Plan has had to be suspended for want of funds. Funds may be provided urgently to complete the half-finished work. Otherwise, the surface formation will be washed away in the monsoon and the money already spent will be wasted.

Most of the tribal villages in Yercaud and Kolli Hills are located in hilly areas and not connected either by rail or road. A phased programme for the construction of link roads and approach roads may be drawn up to connect these villages with the main roads.

Car Nicobar Islands are vulnerable to attack and a naval base is essential in view of their strategic importance. A motor-boat should be provided for going round the Islands to establish contacts with the Onges. A ferry and a motor-boat are essential for inter-island communication between little Andamans and the other Islands. Two or three helicopters are also needed to facilitate transport.

In Kerala, the Harijan Welfare Department should bring to the notice of the Public Works Department the needs of the tribal areas and see that a reasonable percentage of the provision made under transport and communications in the State's Fourth Five Year Plan is earmarked for the development of communications in those areas.

In the eastern part of Thana district and in the Maharashtra there is a dearth of fair weather roads. Although the Chanda town (the district headquarters) is connected by roads with the adjoining districts, there are no good roads within the district connecting the interior areas with the district headquarters. Three rivers—the Pamul Gauran, the Indravati and the Parla—Koti—flow during the monsoon and cut off completely the tribal areas of the three tehsils. Bridges should be

constructed on these rivers for facilitating communications.

In Madhya Pradesh, the construction of bridges, culverts and causeways, should be taken up on a priority basis in accordance with a phased programme. Initially only such roads may be constructed as are vital to tribal and forest economy.

In Orissa, enough attention has not been paid to the opening up of communications in the tribal areas. The few feeder roads and bridle-paths which have been built are of poor construction and are washed off quickly by rains. Besides, they are not being properly maintained.

In Assam, according to the revised 'GRID & STAR' formula drawn up by the Government of India all the four Autonomous Hill districts of Assam should have 10,512 miles of motorable roads at the end of the year 1981. The achievement at the end of the Third Five Year Plan, however, was only 2,605 miles. Thus, there is a deficiency of 7,906 miles to be made up before the target of 10,512 miles can be reached. It is of the utmost importance to accelerate the construction of roads in Assam.

In Laccadive, Minicoy and Amindivi Islands, for passenger traffic, the people depend entirely on motor vessels plying between the Islands and the mainlands ports. There is no all-weather ship plying between the Islands and the mainland. An order has already been placed for the purchase of an all-weather ship. Inter-island communications should be improved by provision of more motor boats.

In NEFA, the rugged terrain, the rapid rise and fall of the hills and their unstable character, the frequent land shift due to earthquakes, the steep fall in gradients over a relatively short distance from the Tibetan plateau 14,000 feet above sea level to the flat Brahmaputra basin in the plains have added to the difficulties of construction. Nevertheless, the challenge has to be met and it will be necessary to give priority to road construction in this area for many years to come.

In NEFA, there was a proposal to connect Siang to North Lakhimpur by a direct route which would reduce the distance by over 100 kms. Priority should be given to the construction of this road. The Team also recommends that urgent steps should be taken to widen and black top the Margherita—Changlang—Khonsa Road.

With a view to pooling available resources for road construction works, the Government of Manipur have established a Road Construction Board to co-ordinate the activities of different agencies in charge of road construction. The Team recommends a similar approach in other States also.

Priority should be given to such roads as can be

used throughout the year and those which link up the tribal villages with the weekly markets, hospitals, dispensaries and schools

In some of the States, ambitious schemes of road development are being financed from the meagre tribal welfare funds. Since funds under the Backward Classes Sector are meant to supplement and not to supplant the provision in the general sector, such division of funds should not be allowed.

### Industry, Minerals And Power

The Team sees no reason why the responsibility should not be cast on the projects, which acquire tribal lands, to draw up a training programme for the tribal people to absorb as many of them as possible in skilled and semi-skilled jobs on the projects. As in view of their illiteracy tribals will not be in a position to take full advantage of the training facilities offered, steps should be taken in advance to open more schools in the area, preferably of the Ashram type, which will turn out students reasonably well-equipped to take advantage of the training facilities and other employment opportunities offered by the project.

The survey of mineral resources in the tribal areas may be given priority and a phased programme drawn up for the purpose.

Training is not an end in itself and it is only through an adequate follow-up programme that the benefits of the training can be secured to the trainees. Unless adequate steps are taken to provide employment opportunities to the trainees or facilities to get them settled in the trades in which they have undergone training, the resultant unemployment will lead to frustration bringing the whole system of vocational training into disrepute among the tribals. Care should be taken in the selection of trades to turn out craftsmen for whose skill there is a demand in the vicinity. Basic factors such as the availability of raw materials, a ready market for the goods produced, etc., should be taken into consideration while starting training-cum-production centres. The training to be provided should be intensive and the skills acquired should be such as to enable the trainees to produce goods of marketable quality.

Instead of expanding scarce resources in imparting training of a superficial type to a large number of persons, it would be better to concentrate effort on a few training cum-production centres and impart intensive training to a limited number of students.

Wherever possible training programmes may be so arranged to harness the traditional skills of the tribals.

A special survey of hydro-electric potential of mountainous streams be undertaken particularly in remote tribal areas which it would be uneconomic to cover by the conventional grid.

## Administration And Institutional Set-Up

Administration in the tribal areas, to be effective, should be geared to suit the requirements of a population living in widely sundered and often inaccessible places and should take into account the primitive nature of their social organisation, their illiteracy and poor economic conditions. Simplicity should be its key note, particularly at the district and village levels.

The existing arrangement whereby tribal welfare is clubbed with the welfare of Scheduled Castes and other Backward Classes is both wrong and administratively inexpedient.

Tribal welfare is one amongst a host of miscellaneous social welfare activities which the Department of Social Welfare is called upon to handle. In such a situation it is difficult to expect tribal welfare to receive the attention which its importance deserves. The Team reiterates the recommendation of the S.A. & S.T. Commission that a separate Department of Tribal Welfare should be created in the Ministry of Home Affairs and suggests that pending its creation a separate wing should be set up in the Department of Social Welfare to deal exclusively with the problems of tribal welfare.

It is high time, if the existing set-up is to work with a reasonable degree of efficiency, the Department of Social Welfare is placed in charge of a whole-time Secretary.

The Social Welfare Department should have at its disposal the services of experts in the fields of Cooperation, Education, Agriculture, Forests, etc., so as to be in a position to follow up actively the progress of work in these fields in the tribal areas.

It is clear that the withdrawal of the field organisation of the Commission for Scheduled Castes and Scheduled Tribes, which had taken about a decade to build up, before the Department of Social Welfare was ready with a field organisation of its own was somewhat hasty. The Study Team can only urge at this stage should be taken without delay to see that the vacuum thus created is not left unfilled for any considerable length of time.

The functions of the Zonal Directors should be clearly defined without delay to ensure that adequate attention is paid to the tasks they are expected to perform. The Department of Social Welfare may consider whether the present jurisdictions of the Zonal Directors are not too large for effective coverage. For instance, the charge of Zonal Director of the Eastern Zone seems to be too heavy considering the inadequacy of communications and difficulties of touring in mountainous terrain.

The Study Team can hardly regard as satisfactory an arrangement where the Commissioner for Scheduled

Castes and Scheduled Tribes is required to discharge his constitutional function through the very agencies on whose performance in certain spheres he may be called upon, by virtue of his office, to sit in judgement. The Team recommends that his organisation may be strengthened suitably to enable him to make independent enquiries in the field with regard to matters connected with the working of the safeguards provided in the Constitution for the Scheduled Tribes.

It is possible to visualise cases where the Commissioner may find it necessary to avail himself of the assistance of Universities or other agencies in undertaking studies on his behalf. To enable the Commissioner to reimburse the cost of such studies, the provision necessary for the purpose may be placed at his disposal.

While reiterating the recommendation of the S.A. & S.T. Commission for the appointment of a separate Commissioner for Scheduled Tribes, the Team suggests that, it considered necessary, Article 338 of the Constitution may be amended to provide for the appointment of two Special Officers—one for the Scheduled Castes and another for the Scheduled Tribes.

Undivided attention of a Minister of Cabinet rank is necessary in the States which have a tribal population of over a million to provide the drive and direction so essential for progress. Where the Chief Minister himself happens to be the Minister in charge, as was the case till recently in Andhra Pradesh—an arrangement which had made for effective co-ordination—the Team suggests that a Deputy Minister be appointed to assist the Chief Minister and relieve him of the burden of routine work.

It appears that no attempt has so far been made to study the set-up in the States dealing with the tribal programmes with a view to streamlining their working. The Department of Social Welfare should take up as a matter of some urgency a comparative study of the administrative machinery for the Welfare of Backward Classes in various States. The Team considers such a study essential for the setting up of an efficient machinery capable of achieving the desired measure of progress within a reasonable period.

Separate District Offices for tribal welfare should be appointed to work under the Director of Tribal Welfare in Andhra Pradesh.

A Directorate of Tribal Welfare at the State level is necessary in Bihar to provide the necessary supervision and guidance to the field staff in the implementation of various welfare schemes.

The Team feels that in the districts in Bihar having substantial tribal population the appointment of a whole-time officer of the rank of Additional District Magistrate, invested with all the powers of Collector/Deputy Commissioner under the tenancy and other

enactments of a protective nature, who should be responsible for tribal welfare including work relating to protective legislation, T.D. Blocks, redressal of grievances of Scheduled Tribes, etc., will ensure unified control and direction and assist in improving the working of tribal welfare measures.

In Madras, it would make for better coordination of tribal welfare policy if one Department of the State Government is in charge of the tribal welfare.

There should be a full-time Director of Tribal Welfare Maharashtra, which has large tribal population to look after their interests. Pending the creation of the post of a full-time Director, the post of Joint Director, which the Team understands was in existence sometime back, should be revived to ensure that tribal welfare work receives adequate attention.

The post of Director of Tribal Welfare and ex-officio Director of Tribal Research Institute should be bifurcated and a whole-time Director of Tribal Welfare appointed in West Bengal.

A Tribal Welfare Officer should be appointed to look after the welfare of the Nicobarese in the Andaman and Nicobar Islands. It is also desirable to appoint Deputy Directors for Tribal Welfare, one for the Andaman group of Islands and the other for the Nicobar group of Islands. The entire work in the Territory should be coordinated by a Director of Tribal Welfare at the State level.

The Development Commissioner in Manipur should be given secretarial status to enable him to function effectively at the State level and suitable administrative and financial powers should be delegated to the Additional Commissioner.

In Tripura, there is an urgent need to streamline the administration in the tribal areas and to reorganise the Tribal Welfare Department. The Administration has already a proposal under consideration for the creation of a Directorate for the welfare of Scheduled Tribes, Scheduled Castes and other Backward Classes, in place of the existing organisation which is in the charge of the Additional District Magistrate (Development). The technical staff needed for the Directorate should be obtained on deputation on a selective basis from the respective departments and placed under its direct supervision during the deputation period.

In all the States with over one million tribal population there should be a full-time Director for Tribal Welfare who should be given the status of ex-officio Joint Secretary/Deputy Secretary of the department concerned.

Administrative machinery at the district level be reorganised on the lines suggested by the S.A. & S.T. Commission namely—that (i) the Collector of the District should be in overall charge of developmental activities

and that all the heads of the departments in the districts and their subordinates concerned with the work of the Scheduled Tribes, should function under his supervision, guidance and control and (ii) in the States having Scheduled Areas, above the Collectors, there should be an officer of the status of a Commissioner in overall charge of the tribal districts, who should be clothed with plenty of powers, subject to the conditions that in regard to important questions of policy he should consult the State Government.

The important recommendation of the S.A. & S.T. Commission that contiguous Scheduled Areas in different districts might be formed into separate districts and an unwieldy large district divided into two or more separate districts does not appear to have received the consideration its importance deserves.

During its tour in Andhra Pradesh, the Team was informed that the Agency areas were not receiving sufficient attention from the district officers and that the time had come for constituting the extensive tribal belt lying in four different districts, (Srikakulam, Visakhapatnam, East Godavari and West Godavari) into two separate districts for facilitating quick development of the area.

In the interest of efficiency, some of the hill districts of Himachal Pradesh may well be reorganised. The Spiti sub-division may be transferred to the adjacent Kinnaur district, and the Pangti tehsil of Chamba district, which is cut off by mountains from the rest of Chamba district but which is adjacent to Lahaul district, may along with the Lahaul sub-division, form a new district with Udaipur as the district headquarters. The reorganisation of the districts of Chamba, Lahaul and Spiti and Kinnaur should facilitate the introduction of the single-line pattern of administration and tribal development.

In Manipur, it would be advisable to have a least one more district to lighten the charge of the officers at the district level.

The Union Territory of Tripura needs to be divided into two or three districts in order that the charge of the district officers may become manageable.

The two taluks of North Wynad and South Wynad in Kerala should be merged and attached as a single taluk of Cannanore or Calicut district.

The posting of officers in the areas having considerable tribal population should be made on a selective basis without disturbing the general service cadre and only such persons should be drafted to these areas as have an aptitude for this type of work.

Officers posted in the tribal areas should learn tribal languages.

To make the service conditions in tribal areas attractive, there should be a scheme of incentives like

special allowances, housing facilities, arrangement for proper education of officers' children, etc. The Team would even recommend the setting up of sub-cadres of officers to work in the tribal areas in all the departments concerned in the various States.

The Study Team regards the unsatisfactory working of the system of Democratic Decentralisation in tribal areas as the inevitable result of imposing on a primitive social organisation a system which even the sophisticated communities in the plains have failed to work with any marked degree of success. As pointed out by the Committee on Special Multi-purpose Tribal Blocks more can be achieved "by reviving and strengthening the traditional village institutions".

The provision of the Fifth Schedule to the Constitution would appear to imply that in the event of there being no Legislative Assembly in a State, three-fourths of the members of a Tribes Advisory Council can be taken from amongst other members of these tribes although they may not be MLA's. This point may be examined further by the Department of Social Welfare and a decision taken which will serve as a guide.

The Study Team would recommend a suitable amendment to the Constitution to provide for the establishment of Tribes Advisory Councils in the Union Territories having a large tribal population.

Meetings of Tribes Advisory Councils in the various States should be held regularly and their views in all matters pertaining to tribal welfare should be taken into account before finalising the programmes and plans for tribal welfare.

While the present period of financial stringency may not be the proper time to appoint staff exclusively for the Tribes Advisory Councils, conditions should be created and facilities provided to enable the Councils to function effectively. For the effective implementation of the recommendations of the Councils it would be advantageous to set up Standing Committee of the Councils for different subjects—development programmes, indebtedness, land alienation, education, employment and so on. These Committees may be required to meet as frequently as may be necessary to review in detail the performance in their respective spheres.

The Tribes Advisory Council in other States may well copy the methods of working so regulated as to make it an effective instrument for achieving the object in view.

The formation of Coordination Committees in the States/Union Territories is of the utmost importance to ensure that there is proper coordination among the various Departments concerned with tribal welfare.

In Kerala, the Inter-Departmental Committee which has been set up to expedite implementation of development programmes in tribal areas, should have the

Minister of Harijan Welfare as its Chairman and the Heads of the Development Department as members.

In Manipur, the Coordination Committee should be made more effective.

The Study Team would urge the State Governments, who have not constituted Coordination Committees, to implement the recommendation of the S.A. & S.T. Commission that "a small committee of officials from the Tribal Welfare, Agriculture, Veterinary, Forest, Irrigation and Roads and Medical and Public Health Departments should be set up at the State level for co-ordination and effective implementation of tribal welfare programmes both in the Scheduled Areas and other tribal areas". The Committee may also include the head of the Tribal Research Institute and a representative each of the Education, Community Development and Co-operation Departments.

The Progress, Evaluation and Coordination Cells, as constituted at present in some States are mainly agencies for collection of statistics and are totally ill-equipped to perform evaluation functions which involve field studies by groups of persons well versed in various disciplines. The Cells should be in the charge of a senior officer, preferably the Director of Tribal Welfare and should work in close conjunction with Tribal Research Institutes, wherever they exist.

States and Union Territories with a sizeable tribal population may appoint Evaluation Committees, as in Orissa and Madhya Pradesh, to assess the impact of tribal development schemes in their areas during the three Plan periods.

To be really effective, voluntary agencies should have their roots at the village level and not merely at the Block or District levels as generally appears to be the case at present.

It has to be recognised that official effort, however efficient, cannot be a substitute for dedicated service which only a high minded voluntary agency can render. However sympathetic an official agency it cannot bring to bear on its work that essential elements of success in tribal welfare work, namely, the human touch. While great care should be taken in the selection of voluntary agencies to work in tribal areas, it would be politically unwise and administratively inexpedient to dispense with their assistance altogether.

Grants-in-aid should be given to voluntary agencies after a careful examination of past performance and to ensure that the agencies comply with the terms and conditions of the grant, the officers of the Tribal Welfare Departments and of the Zonal Directorates of the Social Welfare Department should periodically inspect all aided schemes and satisfy themselves that the grant is utilised for the purpose for which it was given.

Voluntary organizations rarely have the resources to

finance welfare schemes on their own over any length of time and it would be less than just to them to keep them waiting for funds needed for the smooth working of the schemes undertaken by them. In this connection the Team would commend for adoption by other States the practice obtaining in Madhya Pradesh where the State Government arranges to pay 50 per cent of the estimated expenditure in advance to the agencies concerned to ensure that lack of finance does not in any way hamper progress.

To enable non-official agencies to plan ahead on a long term basis, a reasonably fine indication should be given wherever possible of the financial assistance that may be forthcoming over a period of, say, two to three years, if not for the entire plan period.

In the matter of grants, preference should be given to organisations which are willing to work for the advancement of the more backward amongst the tribal communities whose interests have been neglected in the past.

Besides enlisting the cooperation of voluntary agencies, established voluntary organizations should be encouraged to build up cadres of trained and devoted workers who will take up service in the cause of tribal welfare as a career.

The Centre may extend financial assistance as in the case of Bharatiya Adimjati Sevak Sangh to other approved voluntary agencies of an All-India character like the Ramakrishna Mission to help them to build up a cadre of life workers for service among the tribal communities and expand their activities. Similarly, the State Governments may encourage voluntary organisations which have established a reputation for dedicated work in their States to build up a cadre of workers in such spheres as Medical Relief and Public Health where the need for trained and competent workers is keenly felt.

#### Research And Training

The Tribal Research Institutes in various States have been generally doing useful work although the tendency still persists in some of them to concentrate attention on work of an academic nature, while in certain others much time, which could otherwise be more profitably employed on research, is spent on the periodical collection of routine statistics, a type of work which could more appropriately be handled by the Progress, Evaluation and Coordination Cells of the State Governments.

To be adequately equipped, the Tribal Research Institutes should have the necessary expertise in disciplines like Agriculture, Cooperation, Industries, Forests, Education, Health, etc. If whole time experts are ruled out on the ground of Cost, the work of the

Institutes should be so organised as to enable specialists from the appropriate Departments of the State Governments to be associated with their work as and when necessary.

Tribal Research Institutes, to be effective, cannot work in isolation and in order to get the best out of them the Tribal Welfare Departments should feed them with problems as and when they arise and profit by their findings. Such coordination as exists now between the Tribal Welfare Departments and the Tribal Research Institutes is somewhat tenuous and needs to be considerably strengthened.

While it is open to the administrative heads to accept or reject the advice rendered by the research workers of Tribal Research Institutes, the advice itself should be independent and uninhibited and should on no account be doctored to suit preconceived notions. To ensure independence of approach the Team would suggest the appointment of wholetime officers as heads of Tribal Research Institutes on the analogy of the practice followed in Bihar. The officers should be picked men who combine a scientific background with practical experience of tribal research and should be treated as departmental heads directly responsible to the Secretary to Government in charge of tribal welfare.

The Advisory Committees set up by State Governments to guide and review the progress of Tribal Research Institutes do not meet regularly. The result is lack of direction and absence of stimulus which a periodical review often provides. To be effective, these bodies should meet both regularly and frequently.

It is not necessary to be dogmatic on the question of location of the Research Institutes at the State capitals or away from them as it is essentially a matter which has to be decided according to the conditions obtaining in each State.

With a view to coordinating, guiding and encouraging research on tribal problems at the National level a beginning may be made by setting up a National Council of Tribal Research. The Council may be registered under the Registration of Societies Act to make it autonomous.

The information collected during the census has facilitated intensive studies and led to a better appreciation of the problems of Scheduled Tribes. The Team trusts that similar data will be collected and published by the Census Organisation in the ensuing Census. The need for associating the Census Organisation with the planning of research and development activities relating to Scheduled Tribes needs no emphasis.

For coordination to be effective there should be unified control over the Tribal Orientation and Study Training Centres and the Tribal Research Institutes. The management and control of the Tribal Orientation



Centres should also vest in the Departments of Tribal Welfare. There should be a common advisory board to review and guide the work of the two institutions.

### Constitutional Provisions

Although the Scheduled Areas and Scheduled Tribes Commission suggested a study of the protective legislation undertaken in pursuance of the provisions of the Fifth Schedule to the constitution in order to plugging the loop-holes and make the laws subserve the object in view, no serious attempt appears to have been made to follow up this important recommendation of the Commission.

The Study Team regrets to note that the recommendation of the S.A. & S.T. Commission, that the State Governments should undertake general legislation applicable to both the Scheduled and Non-scheduled areas for the protection of the rights of tribals in land and forests and to prevent exploitation of tribals by money-lenders, has not received the attention that it deserved and that progress in regard to enactment of general legislation for the protection of tribals living in and outside the Scheduled Areas has not been satisfactory.

The Team trusts that the Union Government, whose executive power extends to the giving of directions in regard to the administration of Scheduled Areas, will take early steps to check the tendency on the part of the States to reduce a constitutional obligation, in regard to the submissions of Governors' Report on Scheduled Areas, to an empty and meaningless formality.

It seems desirable that a list of points aimed at eliciting information necessary for the proper evaluation of progress should be drawn up and communicated to the Governors for their guidance in the preparation of reports on the administration of Scheduled Areas.

The Team sees no justification in letting the subject "Scheduled Areas" continue with the Ministry of Home Affairs when the Ministry is no longer administratively concerned with it. The Team suggests that pending the creation of the proposed Tribal Welfare Department, the subject may be transferred to the Department of Social Welfare which deals at present with the welfare of the Scheduled Tribes.

As the tribal communities have not reached the same level of political development as the general population, the Study Team recommends that the provision for the reservation of seats for the Scheduled Tribes in the Lok Sabha and State Legislatures may be extended by a further period of ten years, that is, till 1980.

Separate percentages of reservation in State services should be earmarked for Scheduled Castes and Sched-

uled Tribes. There is need to raise the reservation quota in such States where the reservation prescribed for Scheduled Tribes is not in proportion to their population in the State.

The Study Team regards it as somewhat disquieting that despite the fact that reservation orders have been in force for over 17 years the representation of the tribal communities in various services even under the Government of India is still only nominal.

The present recruitment policy should be re-examined in the light of the weighty arguments urged against it by the Commissioner for Scheduled Castes and Scheduled Tribes and a satisfactory formula evolved to accelerate the intake of Scheduled Tribe and the Scheduled Caste candidates while constituting a new service.

While the Team sees no point in allowing unfilled vacancies to snowball over an indefinite period, it suggests that the vacancies may be frozen at the level at which they stand at the end of the two years period to be filled as and when qualified candidates become available.

Although the Commissioner for Scheduled Castes and Scheduled Tribes fears that for want of suitable candidates belonging to Scheduled Castes and Scheduled Tribes the latest instructions of the Ministry of Home Affairs regarding weightage are not likely to increase the percentage of representation of Scheduled Castes and Scheduled Tribes to any significant extent, the Team feels that the working of the present concession may be watched for sometime before considering the question of extending the principle of reservation to all posts filled by promotion.

The Study Team suggests that in all doubtful or border line cases the Employment Exchange should send to the Commissioner for Scheduled Castes and Scheduled Tribes a copy of the reasons given by the appointing authorities for the rejection of qualified candidates.

The employment returns submitted by the Public Undertakings may be carefully scrutinised and the need for making appointments from among the members of the tribal communities impressed upon the Undertakings concerned. The appropriate agency to undertake scrutiny of the employment returns would be the Commissioner for Scheduled Castes and Scheduled Tribes. The Staff of the Commissioner's Office should be strengthened, if necessary, to enable him to undertake this work.

Employment Cells, as in Bihar, may be set up in other States/Union Territories with a sizeable tribal population to ensure that the tribal communities get their due share of employment in Government Services and elsewhere.

# STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES, 1966—REPORT ON KERALA

New Delhi, Planning Commission, Committee on Plan  
Projects, 1966. 70p.

Chairman : Shri P. Shilu Ao.  
Members : Shri L.M. Shrikant, Shri B. Mehta (Re-  
placed by Shri T. Sivasankar).  
Secretary : Shri Mohan Lal (replaced Dr. G.D.  
Patel).

## APPOINTMENT

Programmes for the welfare and development of scheduled tribes form an integral part of the Five Year Plans. Although significant progress has been achieved in several directions, it is important that during the fourth and fifth plan periods, the process of economic and social development among tribal communities should be greatly accelerated. Rising levels of well being, growing economic opportunities and greater integration with the rest of the population are essential both for the welfare of tribal communities and the progress of the country as a whole.

The draft outline of the Fourth Five Year Plan provides substantial resources for special programmes for the welfare of number of directions in which current development programmes should be reoriented. In the light of past experience, it has become essential that the schemes formulated should enable adequate share in the benefits of general development programmes and speed up their economic and social advance. With the object of giving practical effect to these recommendations and assisting State Government in evolving concrete schemes of development which are specially adapted to the needs and conditions of tribal areas at the suggestion of the Planning Commission. The Government of India Planning Commission/Committee on plan projects have set up a Study Team on Tribal Development Programmes vide their Resolution No. Opp/Adm/16(1) 66 dated October 26, 1966.

## TERMS OF REFERENCE

- (a) Study the problem and needs of tribal communities in each State ;
- (b) Appraise the working of tribal development programmes, especially during the Third Five Year Plan ;
- (c) Ascertain how far the schemes formulated so far have enabled the tribal communities to secure an adequate share in the benefits accruing from the general

development programmes ;

(d) Make detailed recommendations regarding the lines on which the schemes should be oriented in the fourth plan to accelerate progress ; and

(e) Suggest measures for strengthening the administrative machinery and harnessing tribal leadership and institution so as to ensure their fullest participation in the tasks of economic and social development.

## CONTENTS

Tribal Population ; Development Plans ; Administration ; Land Problem and Indebtedness ; Agriculture and Allied Sectors ; Education ; Transport and Communications ; Industries ; Medical and Public Health ; Community Development, Cooperation and Panchayati Raj ; Summary of Recommendations and Conclusions ; Annexures I to VII.

## RECOMMENDATIONS

To avoid the pitfalls of the past, high priority should be given to socio-economic surveys in the Fourth Plan. The schemes formulated should be designed to meet the felt needs of the tribals and where there are pronounced disparities in development as between tribe and tribe special schemes should be undertaken to correct the imbalance.

While formulating the general development programmes an attempt should be made to ensure that the tribals get their due share of the benefits flowing from such programmes to which they are legitimately entitled as citizens of the State.

### Administration

The inter-departmental Committee constituted to ensure expedition in the formulation and implementation of development programmes in tribal areas should be reorganised with the Ministries of Harijan Welfare as its Chairman and the Heads of Developments as its members.

The Study Team considers that the division of the tribal belt of Wynad inhabited by the same tribal communities and presenting the same problems does not make for a coordinated approach and recommends that in the interests of economy and efficiency the artificial division of the areas should be ended and the

area after merger attached as a single taluk either to the Cannanore or the Calicut district.

The Study Team is in entire agreement with the Vellodi Committee's recommendation that the general control and supervision over the tribal and Harijan Welfare Activities should be made the responsibility of the District Collectors with the District Welfare Officers functioning as their personal Assistants. The District Welfare Officers should be of the rank of Deputy Collectors.

Frequent and regular meetings of the Tribal Advisory Board are imperative if it has to play an effective role as an advisory body.

Wherever there is a sizable population of Scheduled Tribes, adequate representation may be given to tribals of the area in the District Advisory Committees.

Adequate financial assistance may be given by the State Government to enable Shri Ramakrishna Ashram to open classes upto the pre-university standard. The hostel run by the Ashram at Kalady is a model and can usefully be copied in other tribal areas.

#### Land Problem And Indebtedness

As there were no legal restraints on the sale of land by the tribals the Study Team fears that there may be serious difficulties in enacting legislation, now under the consideration of the State Government, for prohibiting the transfer of land from tribals to non-tribals and would suggest that the State Government may examine the legal and administrative implications of giving retrospective effect to it before taking a decision.

(a) The reservation of land for allotment to the weaker sections of the community should be absolute and the State Government should reserve to itself the right to evict encroachers should, find it necessary to do so in the interests of the tribals and the Scheduled Castes; and

(b) Separate percentages should be earmarked for Scheduled Castes and Scheduled Tribes depending on their population in the area.

As the tribals, particularly in Wynad, are amongst the most backward in the country, special concessions in the matter of allotment of land should be extended to them and conditions created to enable them to take advantage of those concessions. The State Government may consider enlisting the cooperation of voluntary agencies for assisting the tribals in submitting their application in the prescribed form for the allotment of land.

The period of ten years from the date of registry, during which land allotted to the tribals cannot be alienated, is somewhat short and the period be raised to 15 to 20 years.

It would be equitable if the tribals in Attappady

Block are exempted from payment of the arrears of land tax which have accrued over the last ten years.

The proposed Bill for scaling down the past debts of Scheduled Tribes is not likely to make any impact on tribal indebtedness unless the tribals are made to understand the purpose of the legislation and are persuaded by official and non-official agencies to take advantage of it.

#### Agriculture And Allied Sectors

It should be made a rule that consultation with tribals to ascertain their wishes regarding the location of the colony and design of houses should invariably precede the construction of houses for them.

Before embarking on colonisation schemes it is important that the prospects of success should be carefully assessed and steps to anticipate and avoid the mistakes which have occasioned the failure of similar schemes in the past.

No attempt was made to reserve land for the tribals or otherwise safeguard their rights on land when men from the plains poured into Wynad in successive waves during the last fifteen years and proceeded to dispossess the tribals and occupy practically every piece of cultivable land in the area.

The question of allowing reasonable concessions to tribals in forests other than reserved forests may be examined by the State Government.

While cash contribution in the soil conservation schemes may be waived it would be reasonable to expect the tribals to make a contribution in the shape of labour.

The problem of soil conservation in the area lying in Kerala cannot be isolated from a similar problem facing the adjoining areas lying in the neighbouring States. Any programme of soil conservation to be effective should be drawn up after a survey of the entire tribal belt spreading into the States of Kerala, Madras and Mysore by a joint team of officers of the States concerned.

It should be possible to reorient the general fisheries programme to enable tribals living in the vicinity of major reservoirs to benefit by schemes undertaken for the exploitation of fish in those reservoirs.

Training in the Fisheries Research Institute should be followed up by measures of practical utility to the tribals.

There is no justification for the complete neglect of the interests of tribals in the provision of irrigation facilities. A survey of irrigation potential may be undertaken in all the tribal areas and irrigation facilities provided in accordance with a phased programme.

As poultry can be a source of nutritious food to the

tribals steps may be taken to introduce poultry development schemes in all the tribal areas.

#### Education

The administrative control over the tribal schools may be transferred to the Director of Harijan Welfare and an educationist of the rank of District Education Officer may be deputed to assist him in ensuring that there is no deterioration in the standards of teaching.

There should be a regular intake of students to the first standard every year and as it is difficult for one teacher to handle all the classes, the number of teachers should be increased.

Adequate financial assistance should be given to Shri Ramakrishna Advaita Mission by the State and Central Governments to meet its financial commitments and to expand its activities.

Residential accommodation should be provided for teachers working in tribal areas and the compensatory allowance given, should be sufficiently attractive to make them 'stay put' for at least three years.

More upper primary and secondary schools should be opened at selected places in tribal areas with boarding facilities to enable the tribal children to pursue their studies after the primary stage.

It should be possible to draw up a scheme for spotting talent and watching the progress of promising tribal students.

The absence of a scheme for a systematic 'follow up' accounts for much of the wastage noticed in the education of tribals.

Training imparted to tribals in craft centres is not

linked to job opportunities and the skill acquired after completion of the training period is not utilized by the trainees to earn a living.

#### Communications

Reasonable percentage of the provision made under transport and communications in the State's Five Year Plans should be earmarked for the development of communications in tribal areas. Simultaneous action is needed to protect the interests of the tribals in the newly opened up areas.

#### Industries

If production-cum-training centres are to succeed, goods produced should be of marketable quality and should find a ready market.

Instead of wasting scarce resources in imparting technical education of a superficial type to a very large number of boys, who cannot use the skills acquired to earn a living it would be better to concentrate effort on a few training-cum-production centres and impart intensive training to a limited number of students.

#### Medical And Public Health

The benefit of the additional remuneration admissible to the medical staff of the Harijan Welfare Department should be extended to the medical staff of other Department.

A phased programme to provide drinking water to the tribals may be drawn up after a survey of the tribal villages, giving priority to places where the supply of drinking water is scarce.

## STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES, 1966—REPORT ON MADHYA PRADESH

New Delhi, Planning Commission, Committee on Plan  
Projects, 1966. 217p.

Chairman : Shri P. Shilu Ao.

Members : Shri L.M. Shrikant; Shri B. Mehta  
(Replaced by Shri T. Sivasankar).

Secretary : Shri Mohan Lal (replaced Dr. G.D. Patel).

#### APPOINTMENT

Programmes for the welfare and development of scheduled tribes from an integral part of the Five-Year

Plans. Although significant progress has been achieved in several directions, it is important that during the Fourth and Fifth Plan periods, the process of economic and social development among tribal communities should be greatly accelerated. Rising levels of well-being, growing economic opportunities and greater integration with the rest of the population are essential both for the welfare of tribal communities and the progress of the

country as a whole.

The Draft outline of the Fourth Five Year Plan provides substantial resources for special programmes for the welfare of tribal communities and indicates a number of directions in which current development programmes should be reoriented. In the light of past experience, it has become essential that the schemes formulated should enable the tribal communities to secure an adequate share in the benefits of general development programmes and speed up their economic and social advance. With the object of giving practical effect to these recommendations and assisting State Governments in evolving concrete schemes of development which are specially adapted to the needs and conditions of tribal areas, at the suggestion of the Planning Commission. The Government of India, Planning Commission/Committee on Plan Projects have set up a Study Team on Tribal Development Programmes Vide their Resolution No. Copp/Adm/16 (I) 66 dated October 26, 1966.

### TERMS OF REFERENCE

(a) Study the problems and needs of the tribal communities in each State ;

(b) Appraise the working of tribal development Programmes, especially during the Third Five Year Plan.

(c) Ascertain how far the schemes formulated so far have enabled the tribal communities to secure an adequate share in the benefits accruing from the general development programmes ;

(d) Make detailed recommendations regarding the lines on which the scheme should be oriented in the Fourth Plan to accelerated progress ; and

(e) Suggest measures for strengthening the administrative machinery and harnessing tribal leadership and institutions so as to ensure their fullest participation in the tasks of economic and social development.

### CONTENTS

Preface ; Background Information ; Tribal Areas and the People ; Administration ; Development Plans ; Land Problems ; Agriculture and Allied Sectors ; Forests ; Tribal Development Blocks and Area Development ; Indebtedness and Cooperation ; Communications ; Education ; Medical and Public Health ; General Development Plans and Tribals ; Summary of Recommendations and Conclusions, Annexures I to XXIX.

### RECOMMENDATIONS

The tribal areas are the more backward areas of the State and the tribals are economically more backward than others. While a massive effort is called

for to bring the State at par with the other States in the matter of development it is easy to see that the task of bringing the tribal people and tribal areas of the State to the level of the other communities and areas of the country will not be easy unless a determined attempt is made by undertaking special measures to improve the social and economic condition of the tribals.

### Administration

The Study Team notes with satisfaction that the Research Institute of Madhya Pradesh has made a valuable contribution to the welfare of tribal people by pinpointing their specific problems through the collection and objective presentation of concrete information and data. It has helped in focussing the attention of the State administration to the problems of tribal people and has succeeded in a large measure in securing special allocations from the general programmes for the tribal areas. The Study Team recommends that research institutes in other States should function on similar lines.

The Annual Plans of all the Departments should be placed before the Tribes Advisory Council for its consideration. This is important not only from the point of view of orienting the programmes to the special needs of the tribal people but also to enable the Council to examine whether a proportionate share under the various general programmes is being earmarked for the tribal areas.

It has been brought to the notice of the Team that the State Government have not found it possible to take effective action to implement the recommendations of the Tribes Advisory Council in such important matters as the allotment of land, prevention of land alienation and working and management of the forests in the interest of the tribal people. The Study Team feels that in view of the special position accorded to the Tribes Advisory Council in the Constitution, the occasions on which the State Government does not find it possible to accept the recommendations of the Council should be rare.

The position of representation of Scheduled Tribe employees in State services as found by the Committee in 1964, was that it was depressingly low in 1964 and very much below the reserved quota. It was also observed that higher the class of service the lower was the percentage of Scheduled Tribe employees. The Committee had made a number of recommendations aimed at improving the representation and the Team would suggest that the recommendations made by the Committee may be examined by the Government and suitable action taken to implement them.

The State Government may set up an Employment cell in the Department of Tribal Welfare (similar cells exist in

some States e.g. Bihar, Kerala, etc.) to see that the posts reserved for Scheduled Castes and Scheduled Tribes are filled up as far as possible by members of these communities. The State Government may also constitute a Committee under the Chairmanship of the Chief Minister, on the lines of the Committee set up at the Centre under the Chairmanship of the Home Minister, to examine periodically the position and review the performance in the matter of recruitment of Scheduled Castes/Scheduled Tribes in the services/posts in or under the State Government.

#### Land Problems

In the Scheduled Areas and in the predominantly tribal areas, the first priority for allotment of land should be given to the Scheduled Tribes.

The tribal does not have the resources to develop the land allotted to him for agricultural purposes. Land should, therefore, be allotted to him after development or the tribals should be assisted financially and, where the area is large, by the provision of tractors to develop the lands.

It was brought to the notice of the Team that, as in the case of the Dandakaranya Project, lands are allotted far away from the habitations of the tribal people. Such allotments are likely to be valueless as the tribal people are reluctant to move out of in course of time, to pass into the hands of non-tribals.

It is necessary that the procedure regarding the allotment of land should be simplified. The staff of the Tribal Welfare Department should be closely associated with the survey of landless tribals and allotment of land to them.

Under the Colonisation Scheme of the Revenue Department, financial assistance (75 per cent grant and 25 per cent loan) is available for clearance and ploughing purchase of bullocks, etc., to new settlers. It is necessary that this scheme is coordinated with the scheme of allotment of land so that the tribal people are enabled not only to get the land but also to cultivate it properly.

Whenever it becomes necessary to acquire tribal lands, a comprehensive programme should be drawn up for the rehabilitation of displaced families. There should be advance planning to ensure the resettlement colonies with necessary facilities are ready to receive the tribals as soon as they are displaced from their original habitations. The services of the Tribal Research Bureau may well be utilised to undertake a study of the requirements of the affected tribals and to make suggestions for their rehabilitation, keeping in view their mode of life, traditions and customs.

The Study Team strongly recommends a review of the working of the provisions relating to the alienation

of the land of the tribals with a view to plugging the loop-holes in the existing enactments. The Team would like to emphasize that the welfare programmes will have no meaning if the tribals are deprived of their land on which their very survival depends.

#### Agriculture And Allied Sectors

The problems of agriculture in tribal areas have to be viewed in their regional setting. The Study Team suggests a separate order of priorities in respect of agricultural schemes in the different zones;

Agriculture in tribal areas is carried on mainly under rain-fed conditions. It is, therefore, important that immediate attention is paid to the development of better varieties of paddy, jowar and maize (all grown on a large scale in tribal areas) which do not require irrigation.

The Study Team recommends that a special research cell be created in the Agriculture Department to study the special problems of tribal agriculture and recommend suitable measures for its development.

The Study Team is of the view that the provision for horticulture under the Agriculture Sector could be more usefully utilised in tribal areas which offer better prospects of success on account of favourable climatic conditions.

The Study Team feels that it is the responsibility of the Agriculture Department to adapt the general programmes to suit the needs of the tribal people by the grant of subsidy at suitable rates. The size of the special programmes for the tribals falls far short of that needed to enable them to take advantages of the programme. If the general agricultural programmes are not modified to provide for a larger element of subsidy, the Study Team recommends that the special programme for the tribal people should be enlarged sufficiently to ensure that the benefits of the programme reach the tribals.

The existing procedure for the grant of agriculture finance through cooperatives should be examined with a view to its simplification in order that the tribal cultivators may take maximum advantage of the schemes. In case it is not possible to reorient the service cooperative societies to meet the needs of the tribal people the only alternative would be to entrust the work of agricultural credit, marketing and processing to the multipurpose cooperative societies affiliated to the Madhya Pradesh State Tribal Cooperative.

The percentage of return on minor irrigation works in tribal areas, as is to be expected, is very low. The Study Team, therefore, recommends that the rate of return or the test of cost-benefit ratio should not be applied to irrigation projects in the tribal areas. The criterion should be the increase in food production and

the consequent benefit to the tribe and the nation. Concessional water rates ; as suggested by the State Water Rates Committee, were considered by the Team to be reasonable.

A separate Irrigation Cell exclusively for tribal areas should be set up in the Irrigation Department. The tribal areas should be surveyed for agricultural potential. This work may well be taken up by the Agriculture Expansion Officers of the Blocks. Minor Irrigation Works should be taken up on a large scale. Larger subsidies in the case of the more backward tribes may be allowed. As the cost of wells will be much more than in the plains, liberal subsidies should be given for the construction of wells in tribal areas.

The State Government has prepared a special programme of irrigation in the selected tribal districts at the instance of the Study Team. The Study Team feels that the programme, though modest in the context of the almost complete non-existence of irrigation facilities in the tribal areas, would be a good beginning in increasing the irrigation facilities in tribal areas and augmenting food production. The Team strongly recommends that the necessary provision for the scheme should be included in the Fourth Five Year Plan.

Soil erosion is an acute problem in most of the tribal areas. The problem is particularly acute in Jhabua, Chhindwara and certain parts of Mandla and Betul districts. The other areas are also susceptible to erosion on account of heavy rainfall and undulating terrain. It is, therefore, important that soil conservation measures should be taken up in earnest to arrest the washing away of top soil.

The State Government, at the instance of the Study Team, has prepared a scheme for soil and moisture conservation in tribal districts. The Study Team recommends that this programme may be implemented during the Fourth Five Year Plan period.

With a view to improving the quality of cattle the Study Team suggests that a programme of mass castration of inferior breed stray bulls may be undertaken and that in their place improved quality bulls may be maintained at Government service-cum-artificial insemination centres for cross-breeding with local cows. Care should, however, be taken to ensure that the breed introduced is, as far as practicable, close to the type maintained by the tribal areas.

To overcome the difficulties, like scarcity of fodder and shortage of water, hampering the cattle development programme, the Team would like to stress the need for developing grazing areas. It is also necessary that as far as possible, pasture lands should not be converted into cultivable lands. To augment the water supply for cattle, tanks should be constructed so that rain-water could be collected and stored for the use of cattle. r

The possibilities of the development of poultry in selected areas, specially around industrial and mining settlements, should be explored and special schemes drawn up for the purpose. Poultry development will not only increase the nutritive value of tribal food but will also be a useful source of subsidiary income.

During its visit to the State, the Study Team was given to understand that rinderpest was the most common disease amongst cattle and accounted for a large number of deaths for want of veterinary aid. The Study Team feels that an adequate programme for the control of rinderpest should be taken up by the State Government. In inaccessible areas that Live-stock men and Live-stock Supervisors should be adequately equipped to take preventive measures and provide medical aid for the more common diseases.

### Forests

At the instance of the Study Team the State Government has prepared an afforestation schemes for Mandla, Surguja and Bastar areas where afforestation is necessary to check soil erosion. The Study Team recommends the implementation of this scheme during the Fourth Five Year Plan period.

Forest villagers do not have any rights in the land given by the Forest Department and they do not get any assistance from Government for the improvement of agriculture. The Team therefore, recommends that lease of the lands to the tribals in forests should be on a permanent basis in the name of the Cooperative Society of the settlers and the Forest Department should control and supervise the work of this society.

In some of the forest villages there are no schools and even the basic social amenities are non-existent. If the present position is allowed to continue the tribals inhabiting the forest villages will ever remain serfs under the Forest Department. The Study Team, therefore, suggests that the State Government may examine the position of these communities and see that they are given facilities similar to those extended to the tribals living outside the forest villages, particularly in the sphere of education, health etc.

### Tribal Development Block And Area Development

There have been persistent demands for the opening of more T.D. Blocks from areas fulfilling the T.D. Block criterion which have not so far been covered under the T.D. Blocks scheme. Such areas have been denied the benefit and protection available to the Scheduled Areas and now they are also not getting the benefit of intensive development. The denial of the extension of a programme of such vital importance to about 13 lakhs tribal people is manifestly unfair. The Study Team recommends that all areas having a tribal population of



50 per cent or more should be given the benefit of the T.D. Block programme during the Fourth Plan period.

Under the special programme for tribal welfare the T.D. Block Scheme is of pivotal importance in as much as this is possibly the only scheme of economic development of tribal areas and tribal people. The cuts under this programme are, therefore, indeed unfortunate. The Study Team strongly recommends that the full provision prescribed under the schematic budget should be made available for this programme.

The development programmes have to be so designed as to meet the particular problems peculiar to particular areas. In one area, land development for agriculture is the basic need. In another area forest-based development programme is likely to give more substantial results. The different tribes have also different problems depending upon the stage of development of the particular tribe and it would not be correct to treat them alike, and try the same development programme on all of them.

The Study Team is of the view that a perspective plan for all the areas should be drawn up as early as possible so that the provision under the T.D. Block programme could be utilised in a planned manner to tackle the basic problems of the tribal people and tribal areas.

It is reported that the functionaries of the Development Departments at the Block level e.g. Agriculture Extension Officer, Panchayat Extension Officer, etc., work directly under the District Officers of the respective Departments. The Area organiser will, therefore, find it difficult to coordinate the development programmes at the Block level. This is not a happy arrangement. The need for a single-line administration in T.D. Blocks cannot be over-emphasized. In view of these facts, the Area Organiser should at least be given powers, similar to those of the old BDOs to coordinate the activities at the Block level as otherwise this officer will remain ineffective in the formulation and implementation of an integrated development plan for the Block.

#### Indebtedness And Cooperation

A Tribal Debt Redemption and Loan Board may be formed. The Board may take up in few selected tribal villages a pilot scheme for the liquidation of the old debts of the tribals and to advance them, short term loans not only for productive but also for non-productive purposes connected with obligatory tribal customs and usages and also for current consumption. Details regarding the provision of funds and the recovery of the loans may be worked out by the State Government after carrying out comprehensive socio-economic surveys of the selected villages.

The Team understands that a draft Regulation to

regulate and control money-lending has been prepared by the State Government in consultation with the Tribes Advisory Council and action is under way for its promulgation. However, separate legislation will need to be enacted for extending the provisions of the Regulations to areas other than Scheduled Areas, where tribals live in considerable numbers.

There is no machinery in the tribal areas to provide non-productive credit except for a pilot project limited to the two Tribal Development Blocks of Gandhwani in Dhar district and Bagicha in Raigarh district. It would be necessary to meet credit requirements by organising an effective alternative credit machinery.

From the tribal's point of view a single source from which they can obtain all their requirements—productive and non-productive credit (cash/kind) consumer goods—is a satisfactory arrangement. A Cooperative Society, to be effective, in tribal areas should, therefore, perform functions such as grant of productive and non-productive loans (cash/kind), supply of consumer goods, marketing of agricultural and forest produce and forest and contracts.

The Study Team recommends that Multi-purpose Cooperative Societies in tribal areas should take up the work of productive and non-productive credit (cash/kind), supply of consumer goods and marketing of agriculture and forest produce. Similarly, the Forest Labour Cooperative Societies should take up the working of the Forest coupes, marketing of agriculture and forest produce, non-productive credit (cash/kind), supply of consumer goods and undertaking of labour contracts.

It would be necessary to strengthen the finances of the Cooperative Societies and the Central Banks in tribal areas through special assistance. The special programme for Backward classes should provide funds for the provision of non-productive credit. Since the main purpose of all these efforts is to eliminate the money-lender cum-trader completely from tribal areas, it would be necessary to select initially, particular areas where the influence of the money-lender is strong, and extend the programme to the rest of the tribal areas in a phased manner.

The Madhya Pradesh State Tribal Co-operative Development Corporation has closed ten branches and has withdrawn from certain classes of business. The withdrawal of the Corporation from trades which provided employment to the tribal people—like the business of collecting Minor Forest Produce in which the most backward tribes were engaged—simply because the business was not profit yielding cannot be justified. The whole position needs to be reviewed and an attempt made to reconcile the interests of the tribals with the financial stability of the Corporation.

The high level Committee may be appointed to examine the working of the Madhya Pradesh State Tribal Cooperative Development Corporation and make recommendations regarding the action to be taken to remove the difficulties which have hampered its growth. Meanwhile, it will be necessary to take certain steps to strengthen the financial position of the Corporation as also to remove some of the basic causes hampering its development.

In order to strengthen the financial resources of the M.P.S.T.C.D. Corporation, it would be necessary to :—

(1) Increase the share capital through purchase of equity capital by State and Union Governments.

(2) Provide loans to order to ensure financial as also to provide working capital on low rates of interest. The present rate charged by Government of India is 6 per cent which needs to be reviewed.

The pattern of Governmental assistance to be given should be planned out over a period to enable the corporation to organise its business on a fairly long term basis.

Under the scheme of nationalisation of minor forest produce it should be provided that the collection of all minor forest produce would either be done departmentally or through the M.P.S.T.C.D. Corporation working through its primary cooperatives. Fair wages can be ensured to the tribal people only by such an arrangement.

If the Forest Department could take up departmental working and entrust the job of felling, logging, etc., to cooperative societies the arrangement could work to the benefit of both. In other cases the lease money could be fixed by mutual consultation of the Forest and Tribal Welfare Departments and the Corporation.

The Study Team recommends that the State Government may consider the proposal to give staff subsidy to the M.P.S.T.C.D. Corporation for a period of another four years at 50 per cent sympathetically.

Processing of forest produce is very necessary not only for creating larger local employment potential but also for securing to the tribal people a higher return for their raw produce and a share in the profits available in the production and sale of finished goods. Processing units could be set up in respect of honey, gum (Kullu, Cheed, Dhacra etc.), manufacture of bidis from Tendu (*Diospyros melanoxylon*) leaves, and baskets, mats etc., from bamboos (*Debdrocalamus strictus*). Other units could take up manufacture of paper boards, myrobalan extract, lac, Katha, herbal drugs, paints and varnishes, matches and articles of handicrafts prepared from carving of wood, bones, horns, bamboos and cane.

The setting up of industries like rice mills, oil extraction units, cotton ginning units and starch factories would be of real assistance in improving the economic

conditions of the tribals. Such a programme can be undertaken, at present, with reasonable prospects of success as the private sector has not yet seriously thought of locating processing industries in tribal areas. If the matter is delayed, the private sector is likely to step in and the profits of processing industries would no longer be available to the tribals.

It has been observed that little work has been done so far in the field of establishing forest based industries under the T.D. Block programme. The setting up of processing units could be taken up under that programme and suitable assistance may be given to the M.P.S.T.C.D. Corporation from the T.D. Block budget.

### Communications

Areas isolated for want of communications have remained undeveloped. The Study Team, considers that it is of the utmost importance that priority should be given to road development in backward tribal districts. The State Government has prepared a fifteen years programme of road development in the tribal areas. The Team recommends that the programme be taken up in a phased manner, beginning from the Fourth Five Year Plan period.

### Education

According to a survey undertaken by the State Tribal Research and Development Institute, 50 per cent of villages in the tribal areas did not have primary schools. It is necessary for the spread of education to increase the number of primary schools in the tribal areas by relaxing the norms fixed for the opening of schools.

Normally, there should be a Higher Secondary School for a population of 20,000. On this basis, the T.D. Blocks alone would qualify for 230 Higher Secondary Schools but actually there were only 117 such schools in the T.D. Block. The need for opening more Higher Secondary Schools in the tribal areas is obvious.

Female education has made little progress in the tribal areas. Residential Schools (Ashrams) have, therefore, been started for girls. To promote girls' education, it is necessary to open more Ashram Schools in the tribal areas.

While in the case of a girls' hostel there was provision for a whole-time Superintendent, in the case of boys' hostels, a part-time teacher had been appointed on an honorarium of Rs. 25 or free accommodation as Superintendent. The Team feels that this is not a satisfactory arrangement as the part-time teacher is hardly in a position to devote adequate attention to the affairs of the hostel and suggests that boys' hostels also should have full-time Hostel Superintendents.

The following points should be kept in view while

framing the educational development programmes for tribals.

(1) The number of educational institutions should be increased considerably keeping in view the sparseness of population and difficulties of communications.

(2) Ashram Schools should be opened for backward tribes and for tribes living in the interior villages.

(3) Quality of instructions should be improved so as to eliminate a high rate of wastage and stagnation. Tutorial facilities would help in this direction.

(4) Amount of stipends and scholarships should be suitably enhanced.

(5) Introduction of science education with proper laboratory facilities.

(6) Vocational bias to education may be given by introduction of agriculture at middle and secondary stages.

(7) Opening of adequate number of hostels.

Pecuniary incentives have not worked well in attracting teaching staff to institutions in the tribal areas. The Team, therefore, suggests that the local people from the tribal areas should be picked up, trained and employed. However, till such time as qualified teaching staff can be found from the local population, some incentives would continue to be necessary.

The plans prepared by the State Government for opening more educational institutions in tribal areas and for improving the equality and content of education could not be implemented so far. The Study Team recommends that the Government of India may sympathetically consider the State's request and help the State in narrowing the yawning gap in respect of educational facilities between the tribal and non-tribal areas.

#### Medical And Public Health

As a solution to the problem of finding doctors to serve in tribal areas the State Government feels that a special cadre of doctors and other medical personnel should be created for tribal areas.

Incentives in the form of special pay, residential facilities and arrangements for the education of their children, etc., should also be provided. The Team recommends that the question of setting up a Corps of Doctors for tribal areas on the pattern of Central Family Planning Corps of Doctors may be considered.

Provision of drinking water facilities is a basic need and has to be accorded the highest priority in the tribal areas. The Study Team, therefore, strongly recommends the implementation of the special programme of well construction which has already received the

approval of the Government of India.

A programme should be drawn up for providing drinking water facilities to all the tribal villages by the end of Fourth Five Year Plan. This may be done by sinking wells or tubewells, or by the construction of tanks depending on the local conditions. The Team would suggest the formation of a special organisation for surveying the drinking water requirements of tribal areas. Public participation in this programme should not be insisted upon in the tribal areas and the stipulation regarding the 25 per cent contribution should be relaxed and in suitable cases waived altogether.

#### General Development Plans And Tribals

Practical and effective arrangements have to be made to ensure that a fair share of the benefit of the general programmes reaches the tribal areas and people. This could be done by fixing allocations under the various development programmes (after allowing for priority programmes) for tribal areas. These allocations should be exhibited under the Tribal Welfare Department budget and should be placed before the Tribes Advisory Council for their consideration. The Department should prepare programmes suited to the special needs of tribal areas in consultation with the Tribes Advisory Council. The responsibility for the implementation of the programmes should, however, remain with the technical departments which should have a special cell to ensure that the allocation for tribal areas is utilised for the advancement of the tribal population living in those areas.

While claims may be made of isolated achievements expressed in terms of wells sunk, number of scholarships distributed, number of hostels opened, etc., the question as to what extent the special programme, in conjunction with the general programme, could remove the handicaps of the tribal people or help their development cannot be answered adequately. The fact has to be faced that it is necessary to provide larger funds in terms of the dimensions of the problems, population involved and the extent of the area to be covered and that it is only a sizeable programme which can attract allocations from the general programmes.

It is necessary to draw up in the first instance an integrated (minimum) programme and provide funds on a realistic basis to fulfil the minimum programme. Otherwise, formulation of programmes under the special sector would be reduced to a frustrating and unproductive exercise in adjusting ad hoc targets to continually diminishing allocations.

# STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES, 1966—REPORT ON MADRAS

New Delhi, Planning Commission, Committee on Plan Projects, 1966. 80p.

**Chairman :** Shri P. Shilu Ao.  
**Members :** Shri L.M. Shrikant, Shri B. Mehta (Replaced by Shri T. Sivasanker).  
**Secretary :** Shri Mohan Lal (replaced Dr. G D Pate').

## APPOINTMENT

Programmes for the welfare and development of scheduled tribes from an integral part of the Five Year Plans. Although significant progress has been achieved in several directions, it is important that during the Fourth and Fifth Plan periods, the process of economic and social development among tribal communities should be greatly accelerated. Rising levels of well-being, growing economic opportunities and greater integration with the rest of the population are essential both for the welfare of tribal communities and the progress of the country as a whole.

The Draft outline of the Fourth Five Year Plan provides substantial resources for special programmes for the welfare of tribal communities and indicates a number of directions in which current development programmes should be reoriented. In the light of past experience, it has become essential that the schemes formulated should enable the tribal communities to secure an adequate share in the benefits of general development programmes and speed up their economic and social advance. With the object of giving practical effect to these recommendations and assisting State Governments in evolving concrete schemes of development which are specially adapted to the needs and conditions of tribal areas, at the suggestion of the Planning Commission. The Government of India, Planning Commission, Committee on Plan Projects have set up a Study Team on Tribal Development programmes vide their Resolution No. Copp/ Adm/16 (1) 66 dated October 26, 1966.

## TERMS OF REFERENCE

- (a) Study the problems and needs of the tribal communities in each State ;
- (b) Appraise the working of tribal development programmes, especially during the Third Year Plan ;
- (c) Ascertain how far the schemes formulated so far have enabled the tribal communities to secure an adequate share in the benefits accruing from the general

development programmes ;

(d) Make detailed recommendations regarding the lines on which the schemes should be oriented in the Fourth Plan to accelerate progress ; and

(e) Suggest measures for strengthening the administrative machinery and harnessing tribal leadership and institutions so as to ensure their fullest participation in the tasks of economic and social development.

## CONTENTS

Tribal Population ; Planned Development ; Administration ; Land Problems and Indebtedness ; Agriculture and Allied Sectors ; Tribal Development Blocks, Co-operation and Panchayats ; Industries ; Minerals and Power ; Communications ; Education ; Medical and Public Health ; Summary of Recommendations and Conclusions ; Annexures I to IV.

## RECOMMENDATIONS

### Administration

A senior officer should be appointed in the Department of Harijan Welfare exclusively to look after the interests of the tribals.

### Land Problems And Indebtedness

The Todas should be given permanent Pattas subject to the condition that the land should not be alienated to a non tribal. If the grant of permanent pattas is found to be inexpedient, long-term pattas extending over a period of say 5 to 10 years should be granted.

Where the cultivation, though unauthorised, is unobjectable, steps should be taken to assign the land on patta to the tribals.

The Janmi system prevalent in parts of Gudalur Taluk of the Nilgiri district should be abolished to enable the tribals to become owners of the holdings held by them under the Janmi Tenure.

The Kotas who possess uneconomic holdings should be allotted more land for grazing and agriculture from the land available for allotment in Kotagiri and on the eastern slopes of the Nilgiris.

Encroachment on Government waste land by non-tribals in the vicinity of tribal villages should be strenly discouraged and all such land should be reserved for assignment to the tribals.

Trec Pattas in respect of trees standing in tribal settlements should be given to tribals only.

The starting of land colonisation schemes should be preceded by a study of the customs and habits of the tribals proposed to be settled. The Prospects of success should be carefully assessed and steps taken to anticipate and avoid the mistakes which have occasioned the failure of such schemes in the past.

Long-term loans should be given to the Malayalis through Land Mortgage Banks to extinguish past debts.

As conditions in the Kolli Hills are specially favourable for tackling the problem of indebtedness, this area should be selected for an all-out effort to rid the area of the money-lender.

Comprehensive legislation should be undertaken to prohibit the transfer of lands covered by old as well as new pattas in tribal areas to non-tribals.

Legislation may be undertaken to abolish the system of bonded labour prevalent among the panyans.

#### Agriculture And Allied Sectors

The post of an Agricultural Demonstrator which was withdrawn can be revived in the Nilgiri districts to train the Todas in the techniques of cultivation.

Area approach should be adopted in the field of soil conservation. The programme of soil conservation should be brought up after a survey of the entire tribal belt which spreads into the adjoining States of Kerala and Mysore by a joint team of officers of the States concerned.

A quick survey should be undertaken of irrigation possibilities in Kolli Hills and other tribal areas as a preliminary to the preparation of a phased plan for the construction of checkdams. Well irrigation may be considered in places where flow irrigation is not possible.

(a) Communications in Yercaud and more especially in the Kolli Hills should be developed.

(b) A Horticultural Demonstration-cum-Research Farm may be started in the Kolli Hills for the development of horticulture.

(c) A Multipurpose Cooperative Society may be started in the Kolli Hills to provide assistance and guidance to tribals in the marketing of fruits and in the introduction of scientific methods of horticulture. The society should be given adequate financial assistance to set up a cold storage plant for the preservation of fruits at a central place in the Kolli Hills.

(d) The State Government may start a large plantation on the Kolli Hills, associating the tribals as partners, as a commercial enterprise.

Propaganda is necessary to make the tribals conscious of their rights and privileges under the Plantation Labour Act, 1951. In this field, the assistance of volun-

tary organisations will be valuable.

In view of the importance of cattle in general and pigs and poultry in particular in the economy of the tribals, the programmes of animal husbandry in the Fourth Plan should be so drawn up as to ensure that a fair share of the general provision is earmarked for the tribal areas, in addition to any special provision that may be available for the purpose.

Adequate grazing facilities should be made available for the Toda buffaloes on the Wenlock Downs.

Murrah buffaloes should be supplied to the Todas to grade up the local breed.

A dairy industry may be started to improve the economic condition of the Todas.

When the fishery programme is drawn up for the exploitation of fish from the reservoirs, recently constructed in Nilgiris, the services of tribals may be utilised after giving them necessary training as fishermen.

The Plantation of blue-gum on the Wenlock Downs should be slowed down and an area of at least 4000 to 5000 acres set apart for the Toda buffaloes.

#### Tribal Development Blocks, Cooperation And Panchayats

The work on the construction of roads which had to be suspended for want of funds in the Yercaud Block should be completed early by making the funds available.

Although it may be difficult in view of its large area, to constitute the entire district of Nilgiris as a T.D. Block there is a case for the creation of Sub T.D. Blocks in pockets of tribal concentration in the district.

Cooperative credit may be made available to the Todas for Potato cultivation.

The suitability of the present pattern of cooperative management in the Kolli Hills where the local Cooperative Society had failed should be examined and steps taken to restore confidence amongst the tribals in Cooperative Societies.

#### Industries, Minerals And Powers

Preference should be given to the local tribals in the matter of employment in the mines.

#### Communications

In the Yercaud Block the construction of a loop road branching from Nagalur to join the road from Pooma-rathur to Bommidu via Muluvi village and Mallapuram forest may be expedited.

A phased programme for the construction of link roads and approach roads may be drawn up to connect the villages with the main roads in Yercaud and Kolli Hills.

## Education

Adequate educational facilities should be provided after the Vth standard by opening High Schools at selected places in the tribal areas with attached hostels separately for boys and girls. Vocational training should be linked to job opportunities.

Ashram type of schools may be opened for the benefit of the children belonging to the very backward communities like Kattunaickens, Irulas, Kurumbas and Paniyans.

A follow-up programme should form an integral part of the educational set up for the tribals to ensure that bright and promising students continue their studies to the college and in suitable cases to the post-graduate level.

The construction programme of schools under the Master Plan should be expedited.

In view of the general rise in prices the amount of stipend given to the students in hostels run by voluntary organisations may be suitably increased.

## Medical And Public Health

A survey should be undertaken to assess the incidence of V.D. amongst Malayalis and a mobile anti-V.D. unit may be stationed in the Kollu Hills.

Special inducement may be given to doctors working in tribal areas. The construction of quarters for the doctors and their staff should be given high priority.

Local women may be given training as midwives.

The Yercaud Panchayat Union may be persuaded to construct a maternity centre from its own funds at Muluvi in the Yercaud Block.

More Balwadi classes may be started in the tribal areas where the children in the age-group of three to six years may be given free nutritious food.

A research centre should be opened to undertake research in herbal medicines in the Nilgiris where medicinal herbs and roots are found in plenty.

The question of constructing a central storage tank at a suitable elevation in Yercaud Block to provide piped water supply, to some of the villages may be examined. A survey of villages where drinking water is scarce should be undertaken and a phased programme drawn up. Wells may be sunk in places where water can be tapped at a reasonable depth.

Copy of Government of India, Planning Commission, Committee on Plan Projects, Resolution No. Copp/Adm/16(1)/66 dated the 26th October 1966, setting up the Study Team on Tribal Development programmes, and incorporating change in composition of the Study Team made subsequently.

## Study Team On Tribal Development Programmes

Programmes for the welfare and development of

scheduled tribes form an integral part of the Five Year Plans. Although significant progress has been achieved in several directions, it is important that during the Fourth and Fifth Plan periods the process of economic and social development among tribal communities should be greatly accelerated. Rising levels of well-being, growing economic opportunities and greater integration with the rest of the population are essential both for the welfare of tribal communities and the progress of the country as a whole.

The Draft Outline of the Fourth Five Year Plan provides substantial resources for special programmes for the welfare of tribal communities and indicates a number of directions in which current development Programmes should be reoriented. In the light of past experience, it has become essential that the schemes formulated should enable the tribal communities to secure an adequate share in the benefits of general development programmes and speed up their economic and social advance. With the object of giving practical effect to the need and conditions of tribal areas, at the suggestion of the Planning Commission, the Committee on Plan Projects have set up a Study Team on Tribal Development Programmes composed of as the following :

(i) Shri P. Shilu Ao, Chairman  
Former Chief Minister of Nagaland.

(ii) Shri L M. Shrikant, Member  
Secretary, Bharatiya Adim-jati Sewak Sangh and ex-Commissioner for Scheduled Castes and Scheduled Tribes.

(iii) Shri T. Sivasankar, Member  
formerly Secretary in the Union Ministries of Irrigation and Power and Works, Housing and Supply and later Lt. Governor of Goa. (Appointed from April 12, 1967, in place of Shri B. Mehta, IAS, Chief Secretary, Government of Rajasthan who left the Study Team on February 20, 1967, consequent to his appointment as Member, Official Language (Legislative Commission).

The Study Team will work in close cooperation with the Planning Commission for Scheduled Castes and Scheduled Tribes, the Department of Community Development and other Central Ministries concerned. In consultation with the Chief Ministers of States, the Study Team will co-opt one or more members in each State to function as members of the Team in relation to tribal development programmes in respect of that

State.

The Study Team, thus enlarged, will acquaint itself first hand with the problems and needs of tribal communities in each State, appraise the working of tribal development programme, specially during the Third Five Year Plan, and make detailed and specific recommendations regarding programmes of development to be carried out during the devising measures for carrying the benefits of development in different sectors as effectively as possible to tribal communities and to the building up of the economy of tribal development blocks and tribal areas. The Study Team will give special attention to measures for strengthening the

personnel and machinery for implementing programmes for tribal development in each State.

It will also suggest steps for harnessing the leadership and institutions among tribal communities so as to ensure their fullest participation in the tasks of economic and social development.

The Study Team is expected to complete its work over a period of one year.

The headquarters of the Study Team will be at New Delhi.

Ordered that the Resolution be published in the Gazette of India for general information.

## STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES, 1966—REPORT ON MANIPUR

New Delhi, Planning Commission, Committee on Plan Projects, 1966. 80p.

Chairman : Shri P. Shilu Ao.

Members : Shri L.M. Shrikant; B. Mchta (Replaced by Shri T. Sivasankar)

Secretary : Shri Mohan Lal (replaced Dr. G.D. Patel).

### APPOINTMENT

Programmes for the welfare and development of scheduled tribes form an integral part of the Five Year Plans. Although significant progress has been achieved in several directions, it is important that during the Fourth and Fifth Plan periods, the process of economic and social development among tribal communities should be greatly accelerated. Rising levels of well-being, growing economic opportunities and greater integration with the rest of the population are essential both for the welfare of tribal communities and the progress of the country as a whole.

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(a) Study the problems and needs of the tribal communities in each State ;

(b) Appraise the working of tribal development programmes, especially during the Third Five Year Plan ;

(c) Ascertain how far the schemes formulated so far have enabled the tribal communities to secure an adequate share in the benefits accruing from the general development programmes ;

(d) Make detailed recommendations regarding the lines on which the schemes should be oriented in the Fourth Plan to accelerate progress ; and

(e) Suggest measures for strengthening the administrative machinery and harnessing tribal leadership and institutions so as to ensure their fullest participation in the task of economic and social development.



## CONTENTS

Preface ; Background Information ; Tribal Communities ; Development Plans ; Administration ; Agriculture and Allied Sectors ; Education ; Transport and Community ; Industry, Mineral and Power ; Medical and Public Health ; Community Development and Tribal Development Blocks, Cooperation and Panchayats ; Summary of Recommendations and Conclusions ; Annexures I to IX.

## RECOMMENDATIONS

### Tribal Communities

Scheduled Tribes have not yet availed themselves of their full quota of reserved vacancies in class III and Class IV posts. The matter needs to be looked into necessary steps taken to ensure that the scheduled Tribes secure the minimum percentage of vacancies prescribed for them.

The Manipur Hill Areas Acquisition of Chief's Rights Act, 1967, needs to be enforced early to ensure that the land management in the hill areas brought under the control of the Government without further delay in the interest of settled cultivation.

It would be useful if a study is made of the Land Tenancy Enactments made in certain other States for checking transfer of tribal lands to non-tribals to see which of them would be suited the conditions obtaining in the territory.

The need for ethnographic studies is now being increasingly realised. It is, therefore, suggested that the proposed of the Administration for the creation of a separate Cultural and Philological Department to undertake such studies may again be taken up with the Government of India.

### Development Plans

The Government of Manipur may arrange for socio-economic surveys to be carried out in the tribal areas by expert teams so that on the basis of the findings of such surveys, need and resource based programmes may be formulated for the development of tribal areas in the Territory.

### Administration

It would seem advisable to have at least one more district to lighten the charge of the officers at the District level.

The development Commissioner may be given secretariat status to be able to function effectively at the State level and suitable administrative and financial powers delegated to the Additional Deputy Commissioner (T.W.).

The Coordination Committee, set up in 1961, should be made effective in securing the desired degree of coordination.

There should be some incentive scheme to attract officers for service in tribal areas.

The postings of officers in the tribal areas should be made on a selective basis without disturbing the service cadre. The officers connected with tribal development work should remain directly under the control and supervision of the Tribal Welfare Department while serving in the tribal areas.

In order that the Tribal Advisory Council may play a useful role in the formulation and implementation of the tribal development programmes, it is necessary that meetings of the Council are held regularly and schemes drawn up for the welfare of tribals placed before the Council at the formulation stage.

### Agriculture And Allied Sectors

The preparation of terracing schemes should be preceded by a proper survey in regard to the availability of land and the existence of adequate irrigation facilities. Wherever any new area is taken up for terrace cultivation, the Agriculture Department should provide physical supervision and constant guidance to the cultivators.

It may be useful to examine the need for the setting up of a full-fledged Engineering Division in the Agriculture Department which may provide proper technical advice and assistance for the reclamation of the land, suggesting means of irrigation and terracing of the slopes.

The Agriculture Department should take up a few pilot schemes for scientifically controlling jhuming with the object of both research and demonstration.

The possibilities of undertaking cultivation on the hilly slopes, river valleys and plain pockets should be explored and wherever feasible mechanised cultivation introduced.

The possibilities of introduction of double cropping with a view to diversifying the cropping pattern may be examined.

It is suggested that varietal trials for fruits may be conducted and a Horticulture Research Station as at Simla and Allahabad established in the Territory. The possibilities of growing cash crops like cotton, tea plantation and sericulture development could also be usefully explored.

Since adequate irrigation facilities are a pre-requisite for the success of terraced cultivation, which is being encouraged in the tribal areas, it is necessary to develop a proper irrigation system in these areas.

There is ample scope for cattle and poultry development in the hill areas particularly in grassy lands.

For this suitable schemes may be prepared to make the use of the available potential.

It is necessary to have a unified control over forests so that they may be efficiently and scientifically managed.

#### Education

It appears that the existing hostel facilities are inadequate. This matter may be looked into by the Administration.

A primary school should be established in every tribal village where the number of school-going children is 15 or more. There is also an urgent need to open more school's preferably residential schools, in certain pockets in Tamenglong and Tengnoupal areas which are specially backward.

There is a wide gap between the enrolment of boys and girls particularly in the high school and college stages. The reasons for this need to be looked into.

Special steps are called for strengthening the teaching of Science and Mathematics in the tribal areas.

The Administration may take urgent steps to accelerate the pace of training of teachers so that the quality of teaching does not suffer on this account.

It is necessary to augment the inspecting staff so that each school in the tribal areas is inspected at least once a year and improvements brought about in the standard of education in the schools.

As the majority of the beneficiaries of the Adimjati Institute, Imphal, constitute non-tribals, it would be appropriate if the expenditure of the Institute is met from the budget of the Education Department and the tribal development funds are utilised for other more important welfare schemes.

#### Transport And Communications

Most of the tribal areas, particularly the remote and interior areas, are still devoid of proper means of communication. Road construction work has, therefore, to be given high priority.

It is necessary that the Government of India should provide adequate funds not only for construction of new roads but also for the maintenance and upkeep of the existing and proposed ones.

The request of the Government of Manipur for release of foreign exchange for the purchase of road building machinery needs to be considered sympathetically by the Government of India in view of the strategic importance of the Territory.

The Government of Manipur may take up with the Posts and Telegraphs Department the question of opening more Post and Telegraph Offices in the Territory.

#### Industry, Minerals And Power

It is necessary to promote the village crafts which have a vital role to play in sustaining the economy in the tribal areas.

Detailed mapping surveys and exploratory drilling may be undertaken on priority basis so that the mineral resources are advantageously exploited as soon as possible.

It is suggested that investigations regarding Loktak Lake project may be expedited and a complete project report submitted to the Government of India for approval. Meanwhile in order to meet its urgent power requirements, the Administration should finalise the proposals for purchase of power in bulk from the Assam State Electricity Board.

It will be necessary to identify areas, where it may not be economical or technically feasible to transmit power from elsewhere, and investigate alternative proposals for generation of power there.

#### Medical And Public Health

With a view to covering the remote areas, the system of mobile dispensaries which is reported to be more or less defunct now, would need to be revived.

In view of the fact that a large number of medical personnel will be needed in the Territory on more or less a continuing basis and arrangements for science education already exist in the Colleges in the Territory, it may be useful to arrange for pre-medical courses in the Territory itself.

It is necessary that areas such as Churachandpur and Tamenglong as well as the adjoining areas be properly surveyed and clinics established both for investigation and treatment of leprosy.

A survey of water resources and the villages with inadequate or unsatisfactory water supply arrangements should be conducted and water supply programmes taken up in a bolder way for meeting the needs of the villages in a relatively shorter period.

#### Community Development And Tribal Development Blocks, Cooperation And Panchayats

The power of Block Development Officers to sanction individual schemes may be enhanced to Rs. 2,500.

The Administration may consider whether the pace of development cannot be accelerated by raising the Development subsidy for schemes undertaken in T.D. Blocks from 50 per cent as at present to 75 per cent in case of tribal beneficiaries.

After the Manipur Hill Areas Acquisition of Chiefs' Rights Act, 1957, is enforced, the Government of Manipur may initiate action to set up the Panchayati Raj bodies in the tribal areas in the Territory. They

may also provide assistance to the Panchayats and exercise effective supervision over them.

In view of the limited income and financial resources of the tribal cooperatives during the formative years, it is necessary for the Government to subsidise staff pay for a period of three to five years and also to make a contribution towards their share capital.

In addition to financial assistance, easy credit faci-

ties may be provided to the tribal Cooperative Societies and the normal conditions regarding membership, etc., relaxed. The Societies may also be given preference in the award of small development works undertaken in their respective areas and provided grants and loans from the funds of the Cooperative Department as well as the Tribal Welfare Department for the purpose.

## **STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES, 1966—REPORT ON MYSORE**

New Delhi, Planning Commission, Committee on Plan Projects, 1966. 63p.

**Chairman :** Shri P. Shilu Ao.

**Members :** Shri L.M. Shrikant ; Shri B. Mehta  
(Replaced by Shri T. Sivasankar).

**Secretary :** Shri Mohan Lal (Replaced by Dr. G.D. Patel).

### **APPOINTMENT**

Programmes for the welfare and development of Scheduled Tribes form an integral part of the Five-Year Plans. Although significant progress has been achieved in several directions, it is important that during the Fourth and Fifth Plan periods, the process of economic and social development among tribal communities should be greatly accelerated. Rising levels of well-being, growing economic opportunities and greater integration with the rest of the population are essential both for the welfare of tribal communities and the progress of the country as a whole.

The Draft Outline of the Fourth Five Year Plan provides substantial resources for special programmes for the welfare of tribal communities and indications, a number of directions in which current development programmes should be reoriented. In the light of past experience, it has become essential that the schemes formulated should enable the tribal communities to secure an adequate share in the benefits of general development programmes and speed up their economic and social advance. With the object of giving practical effect to these recommendations and assisting State Governments in evolving concrete schemes of developments which are specially adapted to the needs and conditions of tribal areas, at the suggestion, of the Planning Commission, The Government of India, Plan-

ning Commission, Committee on Plan Projects have set up Study Team on Tribal Development Programmes. Vide their Resolution No. Copp/Adm/16(1) 66 dated October 26, 1966.

### **TERMS OF REFERENCE**

(a) Study the problems and needs of the tribal communities in each State ;

(b) Appraise the working of Tribal Development Programmes, especially during the Third-Five Year Plan ;

(c) Ascertain how far the schemes formulated so far have enabled the tribal communities to secure an adequate share in the benefits accruing from the general development programmes ;

(d) Make detailed recommendations regarding the lines on which the schemes should be oriented in the Fourth Plan to accelerate progress ; and

(e) Suggest measures for strengthening the administrative machinery and harnessing tribal leadership and institutions so as to ensure their fullest participation in the tasks of economic and social development.

### **CONTENTS**

Tribal Population ; Development Plans ; Administration ; Land Problems and Indebtedness ; Agriculture and Allied Sectors ; Tribal Development Blocks, Co-operation and Panchayats ; Education ; Medical and Public Health ; Industries and Minerals ; Communications ; Summary of Recommendations, Annexures I to VI.

### **RECOMMENDATIONS**

#### **Tribal Population**

The Team came across a case where the same tribe

treated as "Scheduled" in one region has been classified as "Denotified" in another. The Team regards, the denial to the Denotified Communities, who are in every way tribal of the benefits admissible to the scheduled tribes as invidious are contrary to the spirit of the Constitution and recommends that early steps may be taken by the Central Government to end the anomalies and the injustice inherent in them by a more rational classification of the tribes.

#### Development Plans

In the absence of a Socio-economic Survey it cannot be said that the Fourth Plan reflects the needs of the tribal communities nor is there any indication of special schemes being formulated under the Plan to correct the imbalance as between tribe and tribes.

In order to protect the interests of the scheduled tribes the State Government may consider modifying the order under which the Taluk Development Boards are required to earmark 18 per cent of their funds for the benefit of Scheduled Castes and Scheduled Tribes to ensure that a reasonable percentage of Taluk Board funds is set apart exclusively for the scheduled tribes, especially in areas where there is a sizable tribal population.

#### Administration

If the pace of progress is to be accelerated and interests of the tribals adequately protected, the Director of the Social Welfare Department should have as his deputy, a senior officer, who will devote himself exclusively to the problems affecting the tribals.

Attempts should be made to enlist the cooperation of voluntary organisations for advancing the welfare of the tribals. Official effort should be seconded by dedicated voluntary service if it has to make a lasting impact on the tribals.

#### Land Problem And Indebtedness

In areas where sizeable areas of Government land are available for allotment a Revenue Inspector, who will act as a liaison officer between the Social Welfare Department and the Revenue Department, may be entrusted with the work of assigning lands to tribals. In the selection of land for tribals, the help of non-official agencies may usefully be enlisted.

A survey may be undertaken urgently of 'haldu' land which girdles the forest areas of Coorg. The 'haldu' located after such a survey may be reserved for allotment to the tribals.

The provision of a ban on the transfer of tribal land to non-tribals should be made in the proposed amendments to the rules, now under the consideration of the State Government.

#### Agriculture And Allied Sectors

The State Govt. may consider giving selected tribals licences for muzzle loaders as a measure of protection for their crops against depredations by pigs and wild elephants.

Unless the tribals are given wages during the period of reclamation and a subsidiary occupation to supplement their income to enable them to earn a living during the 'off' agricultural season they will have no alternative but to abandon the colony to eke out a living elsewhere as labourers.

The State Government should strengthen the hands of the local officers and take stern action against elements who have a vested interest in perpetuating the backwardness of the tribals.

Before embarking on colonisation schemes the prospects of success should be carefully assessed and care taken to anticipate, and avoid the mistakes which have occasioned the failure of such schemes in the past.

The State Government may consider the suggestion that 22 families in the Neriya Agricultural colony who are at present victims of the bonded labour can all be settled if a hundred acres of land are made available for cultivation.

In the Special Agricultural colony started at Guruvinagadde Phod that the ched houses, built at a tenth of the cost of tiled structures were as comfortable to live in as the tiled houses. The colony has set up an example which can well be copied by other States. The money saved thereby may be utilised for other purposes of lasting benefit to the tribals.

In tribal areas the Social Welfare Department should be given the powers to sponsor direct to the appointing authorities tribal candidates registered on their rolls for the purpose of employment.

As the special Agricultural Colony at Guruvinagadde Phod in B.R.T. Hills is in the midst of a forest it should be possible to establish forest-based industries in the area to provide a subsidiary occupation to the tribals.

Before embarking on lavish expenditure on colonisation schemes in the Fourth Plan it would be prudent if the State Government undertake a scientific evaluation of the colonisation schemes taken up so far and approve only those which avoid the pitfalls of the past.

Any programme of soil conservation to be effective should be drawn up after a survey of the entire tribal belt spreading into the adjoining States of Madras and Kerala by a joint Team of Officers of the State Government concerned.

There is no justification for the complete neglect of the interests of the tribals in the provision of irrigation facilities. A quick survey may be undertaken of the irrigation potential in the tribal areas and irrigation

facilities provided wherever feasible in accordance with a phased programme.

Tribals who are simple and illiterate cannot be expected to apply for permits every time they want to extract timber or firewood for domestic use. There is a clear need for a modification of the rules to avoid hardship to the tribals.

The welfare of the tribals living in the forests should be made one of the aims of the Forest Department. It is not impossible to reconcile the interests of scientific forestry with the interests of the tribals, who, if handled with sympathy, can be asset to the Department.

The Team feels that tribal labour is entitled to preference in forest operations and recommends that non-tribal labour should be employed only when tribal labour is not available.

#### **Tribal Development Blocks Co-operation And Panchayats**

Picked officers with a special aptitude for tribal welfare work should be posted to tribal areas and inducement in the form of special pay should be given as they have often to run two establishments. The practice of posting persons who are condemned as inefficient or as a punitive measure to the tribal areas should be depreciated.

In the event of a clash between vested interests and the voiceless tribals, the interests of the latter cannot be advanced unless they receive the whole-hearted support of the State Government.

Although prima-facie a Taluk seems to be too small a geographical entity to qualify as a suitable unit for purposes of development, the Team does not feel justified in pressing a view contrary to the one expressed by the Committee appointed by the State Government which advocated for more powers for District Development Councils.

The B.D.Os who are the Chief Executive Officers of Taluk Development Boards in Block areas should be selected from amongst officers who have a special aptitude for tribal welfare work. The postings in such cases should be made in consultation with the Special Welfare Department who are directly concerned with the progress of development schemes in the tribal areas.

The Mysore Village Panchayat and Local Boards Act, 1959 may be amended so as to include a special provision in the Act for the representation of the Scheduled Tribes on Village Panchayats and other Local Bodies.

#### **Education**

If the present high wastage noticed in the education

of tribal children is to be minimised urgent steps should be taken not only to upgrade the Ashram Schools to the Middle School level but also to establish for both boys and girls. The High Schools and hostels may be thrown open to non-tribal children but preference should be given to tribals.

Vocational training for tribals should be linked as far as possible to job opportunities. Skills acquired should be such as to enable the trainees to produce goods of marketable quality. If production cum-training centres are to succeed, there should be a ready market for the goods produced.

It should be possible to draw up a scheme for spotting talent and watching the progress of promising tribal students. The absence of a scheme for a systematic 'follow-up' accounts for much of the wastage noticed in the education of tribals.

There is no field of activity where an attempt to economise on incentives is more ill-advised than in the field of tribal welfare where half-hearted measures, while they may satisfy statistical requirements, really result in unnecessary waste of valuable resources.

#### **Medical And Public Health**

The supply of drinking water should be given high priority. The sinking of wells to provide safe drinking water in the tribal areas should be accelerated.

#### **Industries And Minerals**

As Mysore district has a sizable tribal population the question of training educated tribal girls at the Centre in Mysore, where parts of telephone receivers are being assembled by girls, may be considered by the authorities in charge of the Centre. To ensure success the trainees should be given reasonable stipends during the period of training and accommodation in girls hostels.

The forest rules may be relaxed to enable the Korages, the most backward tribe in the State, to collect bamboo and cane from the forests for basket making.

#### **Communications**

Adequate funds should be provided for the maintenance and upkeep of approach roads constructed by the Social Welfare Department. So that the expenditure on their construction does not become infructuous. The Forest Department or the P.W.D. or the Panchayat concerned as the case may be should take over the responsibility for the maintenance of these roads.

# STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES, 1966—REPORT ON NAGALAND

New Delhi, Planning Commission, Committee on Plan Projects, 1966. 104p.

Chairman : Shri P. Shilu Ao.

Members : Shri L.M. Shrikant ; Shri B. Melita  
(Replaced by Shri T. Sivasankar).

Secretary : Shri Mohan Lal (replaced by Dr. G.D. Patel)

## APPOINTMENT

Programmes for the welfare and development of Scheduled Tribes form an integral part of the Five Year Plans. Although significant progress has been achieved in several directions, it is important that during the Fourth and Fifth Plan periods, the process of economic and social development among tribal communities should be greatly accelerated. Rising levels of well-being, growing economic opportunities and greater integration with the rest of the population are essential both for the welfare of tribal communities and the progress of the country as a whole.

The Draft Outline of the Fourth Five Year Plan provides substantial resources for special programmes for the welfare of tribal communities and indicates a number of directions in which current development programmes should be reoriented. In the light of past experience, it has become essential that the schemes formulated should enable the tribal communities to secure an adequate share in the benefits of general development programmes and speed up their economic and social advance. With the object of giving practical effect to these recommendations and assisting State Government in evolving concrete schemes of development which are specially adapted to the needs and conditions of tribal areas, at the suggestion of the Planning Commission. The Government of India, Planning Commission, Committee on Plan Projects have set up a Study Team on Tribal Development Programmes vide their Resolution No Copp/Adm/16(1)66 dated October 26, 1966.

## TERMS OF REFERENCE

(a) Study the problems and needs of the tribal communities in each State ;

(b) Appraise the working of tribal development programmes, especially during the Third Five Year Plan ;

(c) Ascertain how far the schemes formulated so far have enabled the tribal communities to secure an

adequate share in the benefits accruing from the general development programmes ;

(d) Make detailed recommendations regarding the lines on which the schemes should be oriented in the Fourth Plan to accelerate progress ; and

(e) Suggest measures for strengthening the administrative machinery and institutions so as to ensure their fullest participation in the tasks of economic and social development.

## CONTENTS

Preface ; Background Information ; Development in Nagaland ; Agriculture and Allied Sectors ; Forests ; Transport and Communications ; Industry and Minerals ; Power ; Education, Medical and Public Health ; Community Development and Tribal Development Blocks and Cooperation ; Summary of Conclusions and Recommendations Annexures I to VI.

## RECOMMENDATIONS

### Development In Nagaland

In the formulation of the development programmes, special attention and treatment should be given to the more backward areas like Tuensang District, Chakasang and Zeliang/Kuki areas.

### Agriculture And Allied Sectors

The State Agriculture Department should make a survey of such of the areas in Tuensang and Mokokchung districts, where terrace rice cultivation is not generally possible on the lands presently under jhum, in order to ascertain a suitable method of cultivation. The Agriculture Department should also carry out a survey to find out the availability of additional land in the Kohima district in order to bring it under cultivation with a view to increasing the food production.

The Agriculture Department should provide necessary technical guidance as well as supply fertilizers and seeds on a 50 per cent subsidy basis to the cultivators to enable them to take to the cultivation of potato and other cash crops.

The proposal for the provision of cold storage facilities for potatoes at Dimapur should be given priority.

It is necessary to undertake a survey to size up the problem of soil erosion and to prepare a comprehensive

long term programme of soil and water conservation to be executed in a phased manner. While areas in the valley should be brought under terrace cultivation, the upper slopes would need to be covered by afforestation.

Appropriate schemes should be taken up to open up the valleys and the areas in the plains at the foot hills for agricultural purposes. The State's Fourth Plan should accordingly be re-oriented by the inclusion of concrete schemes for opening up the valleys even by mechanised cultivation.

A full-fledged Engineering Division may be set up in the Agriculture Department for giving proper technical advice for the reclamation of lands in the valleys and in the plain areas at the foot hills.

For the development of agriculture in the valleys, a package scheme under Intensive Agricultural Development Programme for intensive cultivation like the one in Mandi District in Himachal Pradesh should be taken up. The Government of India should provide all possible technical and financial assistance to start such Projects in Nagaland.

In view of the continuing increased need for trained veterinary staff in the State, it would be useful if the State Government could draw up a long term plan for the training of personnel.

There is need for an intensive survey for development of pisciculture.

### Forests

The survey of protected forests and demarcation on the ground may be completed expeditiously and thereafter a suitable working plan prepared so that these forests may be exploited scientifically and maximum benefit derived from them.

It is important that the reserved forests are brought under scientific management without further loss of time.

The immediate need is to demarcate private forests, through systematic surveys, with the consent of the owners. Separate working plans should also be prepared by the State Government for the private forests with a view to providing advice and guidance to the owners in their management.

The Union Ministry of Food and Agriculture may assist the State Government in securing the services of suitable personnel on deputation from other States for undertaking forest development programmes.

### Transport And Communications

In view of the urgent need for developing areas which remain cut off during the monsoon, communications have to be given the highest priority. The availability of adequate traffic should not be made a precondition for the construction of roads in such areas,

Adequate provision may be made in the State's Fourth Five Year Plan for improving existing unsurfaced roads.

A survey should be made to ascertain the needs of new economic roads to open up the valleys and areas in the foot hills of economic importance.

In the interest of the economic development of Nagaland, the roads in the States should be linked with those in the neighbouring States.

It is necessary that adequate funds are provided from the general budget for the maintenance and upkeep of approach and other roads.

While implementing the programmes for expansion of bus services, first priority may be given to inter-connecting the three district head-quarters.

The State Government may take up the question of opening more posts and telegraph offices in Nagaland with the Posts and Telegraphs Department.

A nucleus Tourist Cell, to be expanded into a Tourist Bureau in due course, may be set up in the State for developing and encouraging tourism. A couple of persons possessing the necessary aptitude should be selected and sent round the various States with a view to seeing what facilities would need to be provided for the tourists in Nagaland.

### Industry And Minerals

The State Government may consider the advisability of setting up a specialised State Small Industries Corporation for giving the required impetus to the development of Small Industries in the State.

The proposals formulated by the State Government for setting up of Industries in the State should be considered sympathetically by the Government of India and necessary technical as well as financial assistance provided to the State Government.

The Department of Geology and Mining may be organised on a priority basis and a phased programme drawn up for exploration of the mineral resources of the State.

### Power

The Government of Nagaland may seek the good offices of the Government of India to undertake the Loktak Hydro-Electric Scheme as a joint project of the Manipur Administration and Nagaland Government.

There is need for a reassessment of the load in the State with a view to drawing up a suitable power development programme.

### Education

The State Government may review their policy of taking over more schools for management. The emphasis should be on improving the standards of teaching,



provision of buildings and other facilities in the existing schools, such as hostels accommodation, play grounds and residential quarters for teachers, etc.

The State Government may urgently take steps to accelerate the pace of training of teachers so that the quality of teaching is improved.

For providing adequate facilities for agricultural courses both at the Secondary and University stages, Agricultural Schools may be set up in selected areas and these would in due course, lead to the establishment of an Agricultural College in the State.

It would be desirable from the long term point of view to establish a University in the State with English medium.

It may be useful to engage experts to examine the problem of unemployment among the educated persons and to advise the Government on the one hand and on the other to guide the students coming out from the schools and colleges.

It may be advantageous to set up a Manpower Unit in the States to undertake manpower planning in a scientific way and on a continuing basis.

#### Medical And Public Health

The Scheme to establish a para-medical training institute during the Fourth Five Year Plan should be given high priority so that the Institute can start functioning without avoidable delay.

There is need to intensify the Malaria Eradication programme to further bring down the incidence of Malaria and to reach the complete eradication stage by the end of the Fourth Plan Period.

The small-pox Vaccination programme should be intensified and efforts made to cover the entire popula-

tion in the shortest possible time.

Steps would need to be taken to properly organise leprosy surveys by qualified doctors and for giving treatment to the leprosy patients who are reported mostly in Tuensang district and Zeiliang area.

The State Government should take steps to appoint an adequate number of specialists for providing specialised treatment in district hospitals, etc.

There is an urgent need for the spread of health education with a view to imparting knowledge of basic principles of health and nutrition to the people. It may be worthwhile establishing a Health Bureau in the State Medical and Public Health Department of drawing up and undertaking concrete schemes for the spread of health education.

As soon as the results of the survey, recommended by the Study Team, to classify the Villages to which water supply could be made by the gravitation or some other alternative method become available, the State Government should take up the programme for the provision of water supply to the villages in a big way.

#### Community Development And Tribal Development Blocks And Cooperation

The State Government may appoint a small Committee, consisting of officers of the various Development Departments, to draw up in association with the local leaders and the Block Officials of a programme, with clear priorities, of the activities to be undertaken in each Block during the next two or three years.

More multi-purpose societies may be established in villages with a view to providing credit and marketing facilities and meeting consumer needs.

## STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES, 1966—REPORT ON NORTH EAST FRONTIER AGENCY

New Delhi, Planning Commission, Committee on Plan  
Projects, 1966. 78p.

Chairman : Shri P. Shilu Ao.

Members : Shri L.M. Shrikant, Shri B. Mehta  
(replaced by Shri T. Sivasankar)

Secretary : Shri Mohan Lal (replaced Dr. G.D. Patel).

#### APPOINTMENT

Programmes for the welfare and development of

scheduled tribes from an integral part of Five Year Plans. Although significant progress has been achieved in several directions, it is important that during the Fourth and Fifth Plan periods the process of economic and social development among tribal communities should be greatly accelerated. Rising levels of well-being growing economic opportunities and greater integration with the

rest of the population are essential both for the welfare of tribal communities and the progress of the country as a whole.

The draft outline of the Fourth Five Year Plan provides substantial resources for special programmes for the welfare of tribal community and indicate a number of directions in which current development programmes should be reoriented. In the light of past experience it has become essential that the schemes formulated should enable the tribal communities to secure an adequate share in the benefits of general development programme and speed up their economic and social advance. With the object of giving practical effect to these recommendation and assisting State Governments involving concrete schemes of development which are specially adapted to the needs and conditions of tribal areas, at the suggestion of the Planning Commission, the Government of India, Planning Commission Committee on Plan Projects have set up Study Team on tribal development programmes vide their resolutions No. Copp/Adm/16(1)66, dated October 26, 1966.

## TERMS OF REFERENCE

(a) Study the problems and needs of the tribal communities in each State ;

(b) Appraise the working of tribal development programmes, specially during the Third Five Year Plan.

(c) Ascertain how far the schemes formulated so far have enabled the tribal communities to secure an adequate share in the benefits accruing from the general development programmes.

(d) Make detailed recommendations regarding the line on which the schemes should be oriented in the Fourth Plan to accelerated progress ; and

(e) Suggest measures for strengthening the administrative machinery and harnessing tribal leadership and institution in the ensure their fullest participation in the tasks of economic and social development.

## CONTENTS

Preface ; Background Information ; Tribal Communities ; Development Plans ; Administration ; Agriculture ; Forests ; Community Development ; Cooperation and Panchayats ; Industries, Minerals and Power ; Transport and Communication ; Education ; Medical and Public Health ; Summary of Recommendations and Conclusions ; Annexures I to XI.

## RECOMMENDATIONS

It may be appropriate for the Administration to make, in due course, a fresh study of the working of the modified system of Single Line Administration with a view to streamlining it further ; if found necessary, as well as examine the feasibility and extent to which the

administrative system as it functions in other parts of the country might advantageously be introduced in NEFA. For this purpose it may be useful to depute a couple of officers of the Administration to selected States and union Territories.

The Study Team hopes that the Government will take an early decision, in consultation with the Agency Council, on the report of the Committee set up to select three or four appropriate places within the territory itself for the location of NEFA Secretariat.

As until recently the local people in the Agency were coming in touch with Government Staff only, the work of the non-official agencies, which will help quicker emotional integration of the people with the rest of the country, needs to be encouraged.

## Agriculture

There is no organisation for undertaking research in agricultural tools and techniques. It is, therefore, necessary that an agricultural research cell may be set up in the Agency areas.

Facilities for cold storage may be provided at selected places so that the produce could be preserved there till, it is possible to make arrangements for its transportation to the marketing centres.

Instead of making cash payments to the tribals for acquisition of their lands for public purposes, they may be given suitable land so that their pattern of livelihood is not disturbed.

The Administration may look into complaints voiced before the Team in Subansiri district that seeds were supplied after the sowing season was long past and obviate such delays in future.

The Administration may arrange for a survey on a priority basis to assess the minor irrigation potential of the Agency and to chalk out a programme for its optimum utilisation.

An intensified programme may be taken up for the development of horticulture in the Agency. Besides encouraging farmers to undertake horticulture on a subsidy basis, it is also necessary to arrange for the provision of easy credit for the upkeep of their orchards till such time as the farmers are able to derive sufficient income from the orchards.

A Horticulture Expert may be deputed to Himachal Pradesh to make a study of the methods and practices of apple cultivation there so that the same may be adopted in the Agency areas.

For conducting varietal trials for fruits, a Horticulture Research Station like the one at Simla may be established in the Agency.

There seem possibilities for tea and coffee plantation in the Agency areas which should be further investigated.

It is necessary to equip the veterinary dispensaries

and centres with mobile units which can go from one village to another. As expansion of veterinary services will necessitate employment of large staff, personnel may have to be brought from outside on a deputation basis for which the assistance of the Ministry of Food and Agriculture may be obtained by the Administration. Simultaneously, a programme of training may be organised so that in course of time, the requirements of trained personnel may be met from within the Agency itself.

At present poultry feed has to be imported from the plains and is usually expensive. There is need, therefore, to evolve a suitable feed after a detailed study of the various feeds available locally.

An intensive survey may be undertaken to locate existing water resources such as hill streams which could be utilised for providing water to fish ponds.

### Forests

Management of NEFA forests is governed by Assam Forest Regulation as the Agency has no separate regulations of its own. The Administration may consider the desirability of having a separate forest regulation for NEFA.

The Team hopes that the proposals of the National Council of Applied Economic Research recommending a programme aimed at a fuller exploitation of the forest resources of the territory will receive the urgent attention of the Administration. The Team also trusts that keeping in view the importance of forests in the Agency's economy the Government of India will provide necessary technical and financial assistance to the Administration.

### Community Development, Cooperation And Panchayats

The Community Development Programme may be reoriented to concentrate on a few selected programmes of primary importance.

In the interest of fully developing the areas covered by the normalised Blocks, it is necessary to reactivate them and to provide adequate funds so that the process of development may not be abruptly stopped.

An area of about 18,570 sq. Kms. comprising isolated pockets in the far-flung areas with a total population of about half a lakh is not covered under the C.D. programme. Ad-hoc provision may be made for the development of these pockets and the programmes of sub-blocks, as in the case of West Bengal, taken up for these areas.

The system of the Circle Officer or the SDO working as the Block Development Officer has certain advantages in view of the single line administration which is obtaining in NEFA and before discontinuing it all the consideration for and against the system should be carefully

weighed by the Administration.

There is no Cooperative Banking System in the Agency. As action is already under way to set up the branches of the State Bank of India at District Headquarters in the Agency it is hoped that the establishment of a Co-operative Bank in the Agency will be expedited.

As the introduction of Panchayati Raj, particularly in the sphere of civic function, is a new experiment in NEFA, provision of adequate facilities, such as proper office buildings, staff, funds, etc. to the institutions needed to be ensured.

The Study Team considers the proposal of the Administration to set up a Directorate of Panchayats as a very desirable and necessary step. Besides other activities, the Directorate should undertake a programme to educate the people in role of panchayat bodies as agencies for development and planning.

It will be necessary to make suitable arrangements for the training of non-official functionaries of the Panchayat bodies.

### Industries, Minerals And Power

The National Small Industries Corporation Limited may be requested by the Administration to make a rapid survey of the Agency areas to assess the potential for industrial development and advise the Administration about the stepping up of suitable industries.

To meet the power requirements of the Agency, the emphasis has so far been on diesel generation obviously because the initial outlay on micro-hydel schemes is more than on diesel schemes. The recurring expenditure on micro-hydel schemes, transport of diesel oil particularly in the interior areas which are devoid of adequate means of Communication is not only beset with problems but adds to generation costs and the diesel schemes suffer from frequent interruptions during the monsoon months. In a territory like NEFA, therefore the balance of advantage seems to lie in taking up micro-hydel schemes.

### Transport And Communication

NEFA is having the least road mileage per territorial area among the hilly areas of the country. It will be necessary to give priority to road construction for many years to come.

Priority should be given to the construction of Siang North Lakhimpur road. Priority should also be accorded to the widening and black tapping of the Margherita-Changlang-Khonsa Road.

In order to provide regular transport facilities between the Agency areas and the neighbouring towns of Assam, as well as within the Agency itself, the cooperative societies should be encouraged to extend their transport services.

The Administration may consider the advisability of setting up a State-owned Transport Corporation which could undertake an integrated programme of road transport in the Agency.

For administrative convenience and expediency as well as for the facility of the local people, it is necessary that each administrative centre is provided with a combined post and telegraph office as soon as feasible. The Agency Administration should take up the question of opening more post and telegraph offices in the Agency areas with the Posts and Telegraphs Department.

The use of wireless services may be allowed to the public on nominal payment subject to exigencies of official work.

### Education

There are a large number of villages with a small number of habitations which do not even have facilities for elementary education. The inter-village schools which are now being set-up to meet the educational needs of these villages are of non-residential type. As sometimes the walking distance is considerable, parents are reluctant to send their children to these schools. Residential schools of Ashram type may, therefore, be opened to serve a group of villages. The Administration should immediately undertake a survey with a view to providing facilities for elementary education to small villages.

The teaching in single-teacher schools can be improved if the posting of teachers to these schools is made on a selective basis. By way of encouragement the teachers may be given some cash incentives.

Teachers are reluctant to go to distant hilly areas in the Agency although they are granted two advance increments. It is, therefore, suggested that some more incentives may be given to the teachers required to serve in the interior areas.

There is a dearth of teachers throughout the Agency. This is particularly acute in the case of science and mathematics teachers. In order to attract qualified teachers from outside to serve in the Agency areas, the Government should provide special incentives in the form of special pay or higher emoluments. The teachers posted to the remote inaccessible areas should also be provided suitable residential accommodation by Government.

Although the tribal girls appear to be very keen to attend schools, their parents do not like sending them to schools on various pretexts such as early marriage, co-education, male-teachers, etc. In order to meet the objections of the parents, separate schools for girls may

be opened in selected areas.

Special provision should be made for hostel for girl students and appointment of lady teachers. Instead of having girls' hostels attached, it would be better to have girls hostels attached to a few selected schools at centrally located places so that they could cater to the needs of a larger areas.

There is high wastage and stagnation among school-going children. In order that the education imparted does not go waste, vocational training centres should be set up at appropriate places.

The Administration may look into the demand of the people in Daporijo sub-division of the Siang district that the medium of instruction in schools from the primary stage onwards should be Hindi.

A small Committee of officers of the Administration consisting of representatives from the Engineering Department, Education Department, Planning Department, etc., may be set up to lay down the norms and standards for construction of school buildings so that there is a rational utilisation of space and economy in expenditure.

As the economy of the Agency is based on forests and agriculture, there is need for giving an agricultural bias of the education. It is necessary to provide adequate facilities for agricultural courses, both at the Secondary and University stages. For this purpose Agricultural schools may be set up in selected areas, and these would in due course, lead to the establishment of an Agricultural College in the Agency.

### Medical And Public Health

Helicopter service, use of which is made for evacuating patients in serious condition from the border and in accessible areas, should be made prompt. Wireless communications may be developed in the interior areas so that medical aid could be summoned without much difficulty. It would facilitate the work of the doctors, if the helicopter service is also available to them for visiting in accessible border areas to treat patients.

It would be useful if a Health Education Bureau is set up in the Agency for the spread of Health Education.

About 2,000 villages in the Agency have still to be provided drinking water facilities. It is necessary that water supply schemes are given high priority in the Agency's Development Programmes, and the problem tackled by undertaking a bolder and bigger programme than has been attempted so far. The feasibility of undertaking major water supply schemes for a group of villages rather than for individual villages may be examined by the Administration.

# **STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES, 1966—REPORT ON ORISSA**

New Delhi, Planning Commission, Committee on Plan  
Projects, 1966. 210p.

Chairman : Shri P. Shilu Ao.  
Members : Shri L.M. Shrikant ; Shri B. Mehta  
(Replaced by Shri T. Sivasankar).  
Secretary : Shri Mohan Lal (replaced Dr. G D. Patel)

## **APPOINTMENT**

Programmes for the welfare and development of Scheduled Tribes form an integral part of the Five-Year Plans. Although significant progress has been achieved in several directions, it is important that during the Fourth and Fifth Plan periods, the process of economic and social development among tribal communities should be greatly accelerated. Rising levels of well-being, growing economic opportunities and greater integration with the rest of the population are essential both for the welfare of tribal communities and the progress of the country as a whole.

The Draft Outline of the Fourth Five Year Plan provides substantial resources for special programmes for the welfare of tribal communities and indicates a number of directions in which current development programmes should be reoriented. In the light of past experience, it has become essential that the schemes formulated should enable the tribal communities to secure an adequate share in the benefits of general development programmes and speed up their economic and social advance. With the object of giving practical effect to these recommendations and assisting State Governments in evolving concrete schemes of development which are specially adapted to the needs and conditions of tribal areas, at the suggestion of the Planning Commission, The Government of India, Planning Commission, Committee on Plan Projects have set up Study Team on Tribal Development Programmes Vide their Resolution No. Copp/Adm/16 (1)66 dated October 26, 1966.

## **TERMS OF REFERENCE**

(a) Study the problems and needs of the tribal communities in each State ;

(b) Appraise the working of tribal development programmes, especially during the Third Five Year Plan ;

(c) Ascertain how far the schemes formulated so far have enabled, the tribal communities to secure an

adequate share in the benefits accruing from the general development programmes ;

(d) Make detailed recommendations regarding the lines on which the schemes should be oriented in the Fourth Plan to accelerate progress ; and

(e) Suggest measures for strengthening the administrative machinery and harnessing tribal leadership and institutions so as to ensure their fullest participation in the tasks of economic and social development.

## **CONTENTS**

Background Information ; Tribal Areas and the People ; Development Plans ; Administrative Set-up ; Agriculture and Allied Economic Pursuit ; Forests ; Education ; Communications ; Industry, Minerals and Power ; Medical and Public Health ; Community Development, Panchayati Raj and Cooperation ; Land Problems and Indebtedness ; Displacement of Tribes ; Research and Training ; Summary of Recommendations and Conclusions ; Annexures I to XVI.

## **RECOMMENDATIONS**

The hill Juangs of Keonjhar practising shifting cultivation and the Juangs of Pallahara professing basketry are economically, socially and educationally more backward than the Juangs of Dhekkanal who are settled agriculturists. Likewise, the Kutia Khonds, Dangaria Khonds and Lanjia Saoras inhabiting inaccessible hills and forests are very backward and lead a life completely different from the assimilated Khonds and Saoras of the plain area. The Study Team feels that there is need to undertake special measures to develop the backward groups of tribals so that the wide disparity that exists now between different sections of the same tribes is gradually narrowed and finally eliminated.

It is distressing to note that out of 1247 Class I and Class II posts, only 8 are held by persons belonging to Scheduled Tribes. In the case of Class III and Class IV posts also, the representation of Scheduled Tribes is far from adequate.

### **Development Plans**

Because of the topography and other factors, the needs of one tribal area are not the same as the needs

felt in another area. The Study Team considers that the tribal development programmes to be successful must be related to the felt needs of the tribal people and take into account the conditions obtaining in the area inhabited by them. The Team would, therefore, emphasize the urgent need for undertaking socio-economic survey's in different tribal areas. Such surveys are all the more necessary in Orissa which has a large number of tribes in different stages of development to identify the more backward tribes for whom special schemes and concentrated attention are necessary for accelerating development. The Study Team was glad to see that the State Tribal Research Bureau had prepared monographic handbooks on 15 major tribes and reports on socio-economic survey of four T.D. Blocks. What has been done so far touches only the fringe of the problem. The Study Team, therefore, recommends that arrangements may be made to intensify the programme of socio-economic surveys and the preparation of monographic handbooks.

#### Administrative Set-Up

In the Headquarters Organisation, in addition to officers discharging exclusively Secretariat functions and others discharging exclusively Directorate functions, there are some who combine in themselves the functions of both the secretariat and the Directorate. While ex-officio status may be conferred on the Field Officers wherever necessary for facilitating work, they should not be burdened with routine Secretariat functions as a matter of course. The Study Team, therefore, suggests that a study of the existing set-up may be made by the State Government in order that the present machinery may be reorganised to ensure more effective control over the field staff and a closer supervision over the execution of schemes.

Since the general rural welfare work is the responsibility of Departments other than the Tribal and Rural Welfare Department which looks solely after the welfare of the Scheduled Castes, Scheduled Tribes and the backward classes, the nomenclature 'Tribal and Rural Welfare' given to the Department seems a misnomer. The Study Team, therefore, suggests that the Department may be redesignated as "Tribal and Backward Classes Welfare Department."

Many of the schemes of the Tribal and Rural Welfare Department are being executed by various Heads of Departments. The Study Team feels that there should be close coordination between the Tribal and Rural Welfare Department on the one hand and the concerned Heads of Departments on the other so as to ensure quick and effective implementation of schemes and to give prompt attention to the recommendations which may be made by the Advisory Bodies' attached to

the Department.

There should be an officer of the rank of Additional District Magistrate, invested with all the powers of the Collector or the Deputy Commissioner under the various Tenancy Acts, etc., and exclusively responsible for the tribal welfare including the work relating to protective Legislation, Tribal Development Blocks, grievances of Scheduled Tribal Development Blocks, grievances of Scheduled Tribes, etc., irrespective of the agency which may be handling it specially in districts with a substantial tribal population where the problems of tribal development are many and varied. The Study Team feels that this arrangement will ensure unified control and direction and would go a long way in improving the working of Tribal Welfare Schemes. The Team suggests that since the purpose of appointing these officers is to promote the Welfare of the Scheduled Tribes, the Central Government may provide reasonable financial assistance to enable the State Government to give effect to the proposed arrangement.

There should be a systematic follow-up of the recommendations of the Tribal Advisory Council by the Tribal and Rural Welfare Department and the progress reported to the Minister of Tribal Welfare periodically. So that any matter which ought to have been attended to but has not, may be taken up by him with his colleagues or with the Cabinet, if necessary, depending on the importance of the case.

Effective Coordination between official and non-official agencies engaged in the task of tribal development is essential to make the maximum use of the available resources. The Cooperation of non-official agencies should be enlisted in the implementation of Tribal Welfare Schemes in interior areas. Necessary arrangements should be made and facilities provided to the workers attached to these agencies to enable their workers to perform their duties with zeal and efficiency. It is also necessary that the Director of Tribal Welfare should keep a close watch over the work of the non-official agencies to guard against abuse and to ensure that optimum results are obtained from the grants given.

#### Agriculture and Allied Economic Pursuits

To enable the tribals to improve the yield from agriculture and achieve a self-sufficient economy, vigorous steps are necessary to teach them improved methods of cultivation besides making available to them adequate irrigation facilities. They should also be taught the use of fertilizers and encouraged to cultivate hybrid crops to ensure greater yields. The cultivation of cash crops like turmeric, potato, jute, cashew nuts, ground nuts, etc., should be encouraged in suitable areas. Demonstration agricultural farms

with technical agricultural personnel should be set up in selected tribal pockets to teach them improved methods of cultivation and to popularise new farming patterns and practices.

The Soil Conservation Authorities should take up terracing schemes in tribal areas and encourage the tribals to terrace their own fields. They may be paid 75 per cent of the cost of terracing as subsidy, the balance of 25 per cent to be contributed by them in the shape of labour. In special cases the entire cost of terracing may be met by the Government. As adequate irrigation facilities are a pre-requisite for successful terrace cultivation, minor and major irrigation projects should be taken up by harnessing the perennial hill streams.

122 settlement colonies established so far have been unsuccessful, mostly for want of suitable irrigation facilities. During the Fourth Five Year Plan, therefore, priority should be given to minor irrigation projects in schemes of colonisation. Lift irrigation is also a useful method which can be adopted in many tribal areas and should be fully exploited wherever possible.

The tribal areas in the State at high altitudes are particularly suitable for growing various types of fruits. In fact, fruits are already being grown in some areas. Orchard cultivation should be introduced in other tribal areas, where similar conditions exist and the tribals should be encouraged to grow fruits both for their own consumption as well as for sale. However, before embarking upon the scheme on any large scale, it will need to be ensured that adequate marketing facilities exist in the vicinity. Alternatively some satisfactory and cheap arrangements for transport of the produce to the marketing centres should be made.

With a view to selecting fruits that will grow well in particular areas and also to provide technical guidance to the farmers, the State Government may consider the advisability of setting up Horticultural Research and Demonstration Stations in selected centres.

The arrangement under the existing organisational pattern for disease control in the field of Animal Husbandry and Veterinary in each Block with an average livestock population of 46,000 and one Stockman a Centre for every 10,000 livestock population, has not worked satisfactorily. For interior areas to receive attention, it is necessary to organize mobile veterinary dispensaries to visit tribal villages periodically.

The Study Team learnt that poultry schemes had utterly failed in tribal areas. Instead of attempting to popularise exotic poultry among the tribals, the Team feels that the funds can be better utilised on the supply of country birds to the tribals. It does not appear that cross bred varieties of birds have been experimented in the tribal areas of the State. The Team therefore,

suggests that such birds may be distributed as an experimental measure in some selected tribal areas and if these become popular, the experiment may be extended to other areas.

If the tribals can be trained in dairying, they can make a sizeable income by selling milk and milk products. The Team considers that it would be worthwhile making a serious attempt to get the tribals trained in the art of dairying. In the fast developing Dandakaranya, koyas living there, will have no difficulty in finding a ready market for milk and milk products.

Considering the vastness of the tribal areas in the State, the Fisheries Department may, in consultation with the Tribal and Rural Welfare Department, undertake more extensive measures to Promote pisciculture in tribal areas.

Instead of paying a subsidy towards reclamation charges to tribal families settled in colonies, the land should be reclaimed properly by Government before it is handed over to the settlers. It is also important that such land should be provided with irrigation facilities. Besides, the customs and traditions of the tribals should be taken into account while resettling them. The State Tribal Research Bureau which has been conducting studies on socio-cultural life of the tribes, should be consulted whenever any colonisation scheme is taken in hand.

In the resettlement colonies of the Dandakaranya project in Koraput district and Tibetan Resettlement Colonies in Ganjam district, the financial help and other facilities afforded to the affected tribal families are much less when compared to what is given to the other families. This disparity has created dissatisfaction among the tribals, more so because they cannot keep pace in the matter of development with the others. Special facilities should be accorded to the tribal and non-tribal settlers does not widen further and lead to conflicts in future.

## Forests

The Indian Forest Act (Act XVI of 1927) is in force in all the districts of the State except in Ganjam, Koraput and parts of Phulbani district, where the Madras Forest Act (Act V of 1882) is in force. The Team considers that in the interest of efficient management of forests it is necessary to have unified forest laws for the whole State.

As podu cultivation is not only a way of life for the tribals but their main source of sustenance, any attempt to check podu without providing an alternative source of living would, besides being a wrong approach to the problem of podu cultivation, be strongly resented by the tribals. The Team therefore, suggests that a survey may be conducted to locate suitable valley lands where



podu cultivators can be resettled before they are deprived of their traditional rights of podu in forests. Slopes below 1/10 gradient may be left for settled agriculture while the high slopes may be preserved for forest growth.

Steps should be taken to introduce terracing schemes in hill areas where there is no scope for settled agriculture. If the other tribes of Orissa are encouraged to terrace their fields like the Lanjia Saoras not only would podu cultivation be checked but it would enable the tribals to have a stable economy.

The Study Team endorses the suggestion of the State's Tribes Advisory Council that the forest line should be shifted one mile away from the villages and recommends that one square mile zone may be formed between the reserved forest line and the villages boundary. With Government assistance this zone may be developed into a village forest and its control and maintenance entrusted to the village community. The villagers may be allowed to take their requirements of fuel, etc., from this forest. This arrangement will not only relieve the pressure on reserved forests but will bring home to the tribals the need for the preservation of forest wealth.

Of late, restrictions have been placed on the collection of forest produce with the result that the tribals have been deprived of this legitimate right. The hardship thus caused to the tribals is considerable. It is necessary that until the tribal economy is improved and alternative methods of sustenance are available to them, the tribals should be allowed to continue to enjoy the privilege of collecting minor forest produce as a subsidiary source of income.

As the tribals are not conversant with the market price and have little bargaining power, they are often exploited by petty traders to whom they are forced to sell, at a very low rate, the minor forest produce they collect. To ensure that the tribals are not exploited, it is necessary to make arrangements for the purchase of minor forest produce collected by the tribals by Co-operative Societies or other suitable Government agencies which can be depended upon to pay a reasonable price to them.

There is no representative of the Tribal and Rural Welfare Department on the Board of Directors of the Orissa Forest Corporation. It is appropriate that a Senior Officer of that Department should be included in the Board of Directors to ensure that the interests of the tribals are safeguarded and that steps are taken to associate them more closely with the work of the Corporation.

Kendu leaves are mostly plucked by the tribals, but the monopoly of collection is given to contractors who do not as a rule, pay reasonable Wages to the tribals.

The Study Team, therefore recommends that the question of giving the monopoly of collecting Kendu leaves to the Forest Corporation or to the Co-operatives may be examined by the State Government to ensure that tribals receive reasonable wages.

### Education

Teaching in most of the schools run by the Tribal and Rural Welfare Department suffers from lack of sufficient number of qualified and experienced teachers, well equipped science laboratories and proper library facilities, quite apart from inadequacy of funds for general improvement of the school buildings. It is, therefore, recommended that ordinarily no new schools should be opened except in the very interior tribal areas like Juang Pirth and Bhuiya Pirth of Keonjhar district, Koya areas of Koraput district, Kutia Kondh areas of Kotaghar and Belghar area of Phulbani district and Chandrapur area of Koraput district which areas are educationally very backward. The emphasis should be on bringing about improvements in the standard of the existing schools by improvements in experienced and qualified teachers. To breakdown the reluctance of teachers to serve in interior tribal areas, they may be provided accommodation facilities and incentives like special pay, etc.

The schools should have well equipped Science laboratories and qualified Science teachers. The Team also suggests that as in the case of English and Mathematics, special coaching in Science may be arranged for tribal students.

In some of the school libraries the Team came across books which were of rather doubtful utility to the students. In view of the limited library grants, it is necessary that while purchasing new books for the libraries, care should be taken to ensure that the books will be of benefit to the students.

It was reported that many of the school buildings, which were in a dilapidated condition, could not be repaired for want of funds. As postponement of repairs results in increased repair costs, the Team suggests that the State Government should not hesitate to allot sufficient funds for the repair and maintenance of school buildings.

In many interior tribal areas there are no suitable buildings for the Primary Schools which are run by the Tribal and Rural Welfare Department. Steps should be taken to construct school buildings and teachers' quarters in these areas in the interest of proper functioning of the schools.

Craft education and gardening should be introduced in Ashram Schools. Students should be given training in tailoring and carpentry to enable them to earn their livelihood if, after schooling they do not take up regular

service. The need for encouraging gardening in schools lies in the fact that besides supplementing the diet of the students it given them an agricultural bias. Adequate irrigation facilities should be provided so that the gardens, may be maintained properly. It was reported that most of the Ashram Schools faced an acute shortage of water during summer. In such cases steps may be taken to feed the gardens by lift irrigation.

The medium of instruction being Oriya, the tribal students who speak their own dialects do not take to education in the lower Primary Schools. Preparation of special text-books in each of the tribal languages would take a long time as there are as many as 25 different tribal dialects spoken in the tribal areas of the State. The Study Team, therefore, suggests that as an immediate solution of the problem, and the State Government may arrange the training of teachers in tribal languages. These teachers may be given a special remuneration to serve as an incentive and be posted to tribal areas.

#### Communications

During the Fourth and Fifth Year Plans, special emphasis should be laid on the development of communications in the interior tribal areas, particularly those inhabited by the backward tribes.

The Study Team understands that there are pockets of tribal areas in Koraput, Kalahandi, Keonjhar, Phulbani and Mayurbhanj districts which are inaccessible to wheel transport due to the intervention of difficult hill ranges. It is necessary to improve communication to these pockets to ensure that the tribal areas do not remain cut off from the main current of civilisation.

Considering the inadequacy of existing roads in the tribal areas the Study Team considers that more funds should be provided in the tribal welfare budget for road construction.

In the absence of proper maintenance, roads fall into disuse and the expenditure incurred on their construction becomes infructuous. It is necessary, therefore, that adequate funds should be provided from the general budget for the maintenance and upkeep of roads.

There is a tendency to economise in road construction by lowering the specifications with a view to increasing the road lengths. Such roads are, however, washed away quickly by the rains. The Study Team feels that instead of increasing the road length by constructing roads of lower specifications, it is better to concentrate on laying a smaller length of durable roads. Such a procedure will be economical in the long run.

It should be possible for the Central Road Research Institute, after an on-the-spot study and investigation, to evolve economical designs which could be adopted for road construction in the tribal areas in the State.

The Study Team recommends that the State Government may seek the assistance of the Institute in this matter.

In view of the limited resources, it would be desirable to pool the funds available under the head 'Communications' with the various agencies and to undertake the work of road construction in a coordinated and integrated manner. The Study Team recommends that a Road Development Board may be constituted at the State level, with the Development Commissioner as Chairmans and Secretaries of the Departments concerned as members for drawing up a coordinated programme of road construction. It may also be useful to constitute similar Boards at the District level with the Collector as Chairman to draw up Plans for road construction to meet local needs.

#### Industry, Minerals And Power

Considering the enormous mineral resources of the State it is felt that more mineral-based industries could be established in tribal areas which are potentially rich in minerals. Apart from assisting the national economy by a proper utilization of the mineral wealth, this will widen the economic base of the tribals by opening up employment opportunities of which, with proper planning, full advantage can be taken by them.

For promoting industries and for an overall development of the interior areas, the Study Team recommends that, question of linking Keonjhar Paradeep and Phulbani districts which have a great potential for industrial development, by railways may be considered.

The Juangs should be allowed to procure bamboo free of cost to earn their livelihood by basket-making. Steps should also be taken to help them to market their baskets, preferably through Cooperative Societies. Likewise, the skill of Dangaria and Kutia Kondh girls in embroidery needs to be encouraged and developed.

The tribals cannot compete with the non-tribal smiths and weavers, but they can establish themselves as tailors and carpenters. In interior tribal areas there is a demand for tailors and the trained tribals can make a decent living from this trade. Financial assistance to persons possessing skill in carpentry would enable them to purchase the necessary tools and implements and establish themselves as carpenters.

The training cum-production centre at Kalahandi is not able to attract a sufficient number of students. As the tribal trainees coming to Kalahandi soon get homesick, the Team suggests that the Centre may be shifted to a central place in the tribal areas. Machkund, where there is sufficient accommodation and also scope for the successful candidates to get employment in MIG and Balimela areas in the neighbourhood would, in the opinion of the Team, be a suitable location.

The profession of a mason is a paying one and a reasonable degree of proficiency can be attained in this without much difficulty. The Team suggests that the tribals interested in taking up this profession may be given the necessary facilities to be trained as masons. There will be no difficulty for the successful candidates in finding ready employment as masons in the newly development MIG and Balimela areas.

The Team has noted with regret that although hydro-electric projects like Machkund have been constructed in the heart of tribal areas, no serious attempt has been made to provide electricity to the villages in these areas. Whenever power project are taken up in tribal areas, steps should be taken to ensure that the benefits of electricity are extended to the local population. Besides providing public electric points in the tribal villages in the neighbourhood electricity could be supplied for running small industrial units such as flour mills, oil mills, etc. Power may also be made available for irrigation in suitable cases in the tribal areas.

#### Medical And Public Health

In order to attract qualified men to serve in remote tribal areas, the Government should provide special pay, suitable accommodation and other facilities to the men posted to such areas.

With a view to imparting knowledge of basic principles of health and nutrition to the tribal people, the Study Team suggests that when the mobile health units visit the tribal villages, they may organize film shows on health education. Suitable books and literature in tribal languages may also be prepared for the use of the school going children and for such of the grown-up people as are literate. The State Governments may consider arranging a compulsory course of health education, at least for two periods in a week, to students, in schools in tribal areas. The Study Team also feels that for at least some years to come, it is necessary to concentrate on the opening of more mobile health units to ensure a larger coverage of the areas according to a phased programme, the aim being to cover every village at least once a year. These units could also simultaneously undertake a programme of health education through audio-visual media.

The problem of water supply in the tribal areas being acute, it is necessary to undertake a crash programme for the supply of drinking water. Instead of undertaking individual schemes in the villages, it may be worthwhile undertaking some major schemes for supply of water to a group of villages from a central point. Such a programme should prove more economical in the long run than individual programmes which are necessarily limited in scope.

An important aspect to be considered while under-

taking water supply schemes is that drinking water wells are not popular among the tribes as yet. It is, therefore suggested that wherever feasible, springs, and other water resources may be founded to form cisterns. Steps should also be taken to ensure that till such time as the tribals get used to taking water from wells and other water schemes, these make-shift sources are maintained properly as otherwise they will fall into disuse and the expenditure incurred on them would prove to be infructuous.

#### Community Development, Panchayati Raj And Co-operation

Many T.D. Blocks could not spend the allotted funds and there were surrenders of substantial amounts. When there is a cry for additional funds it seems odd that even the allotted funds could not be made use of—

Most of the tribal areas suffer from lack of suitable communication facilities. As a result, the field officers of the Block are not able to visit interior villages and get acquainted with the problems of the tribals. It is therefore, necessary that high priority should be given to the construction of roads in these tribal areas.

As far as possible, people having a tribal bias and knowing tribal languages should be posted in T.D. Blocks. The Study Team appreciates that it may always not be possible to recruit staff possessing a knowledge of tribal languages. It, therefore, suggests that whenever it is necessary to recruit staff for work in tribal areas, acquisition of a working knowledge of the tribal language of the area. Within a specified period, may be made a condition for continued appointment. It is also necessary to pay special remuneration to the staff serving in the tribal areas as compensatory allowance, because of the difficult living conditions obtaining in such areas.

T.D. Block should take up a few selected schemes which meet urgent felt needs and see that they are implemented properly. Schemes relating to agricultural development, irrigation, water supply, education, health and sanitary facilities, communications, etc., should be given priority. Schemes of secondary importance like social education, adult literacy, etc., may be avoided in the beginning as unless development has taken place in an adequate measure, money spent on these schemes will not give the desired results. The funds which may become available by the dropping of such schemes can be utilized for working the schemes of major importance more intensively.

The control over the T.D. Blocks should be transferred from the Community Development Department to the Tribal and Rural Welfare Department in the interest of better coordination. That Development

knows the needs of tribals and make effective use of the finding of the studies made by the schemes. It can also spend the funds in a more purposeful way by supplementing the resources of the Blocks from its own budget, whenever necessary.

Socio-economic surveys have been undertaken in four T.D. Blocks only. The Team recommends that surveys may be conducted in other Blocks by the Tribal Research Bureau of the State to advise the State Government on the programme which may be undertaken for the welfare and development of the tribals in the respective areas. As surveys will have to be undertaken in a large number of Blocks and time is of great importance, the research staff of the Bureau may be strengthened temporarily. The Bureau may also find it expedient and convenient to enlist the support of staff and scholars in the Universities for undertaking such surveys.

The office of Sarpanch and of the Panchayat Samiti Chairman in the T.D. Blocks, where there is a predominance of tribal population, should be reserved for the Scheduled Tribes to ensure their active participation in the affairs of the Panchayati Raj organizations. This reservation should continue at least till such time as the educational standards of the tribals are raised and they become conscious of their rights and privileges.

### Displacement Of Tribes

The setting up of Mining and other industries and the establishment of hydro-electric, irrigation and other projects in the tribal areas have resulted in the displacement of tribal on a large scale. The steps taken to rehabilitate the displaced families do not seem to have been adequate. There was no serious or properly planned attempt preceding the undertaking of the projects to see that the affected tribals were properly rehabilitated. As a result, in cases where the tribals were given only cash compensation and were not provided with alternate land and house, they spent away the money on non-productive purposes and became destitute. In cases where colonies were constructed for the resettlement of the displaced tribals living conditions were stated to be far from satisfactory as even basic amenities had not been provided.

It would be better from the point of view of the overall development of the Dandakaranya area as well as in the interest of the tribal families proposed to be settled there, if their resettlement is entrusted to the Dandakaranya project authority.

In respect of projects which have already been completed, a survey should be undertaken immediately to ascertain the number of tribal families which have not been rehabilitated, and the number that have not been provided with adequate resettlement facilities in

order that steps may be taken to resettle those who have been left to shift themselves after the payment of compensation and to ameliorate the living conditions of others living in colonies which do not have even the minimum basic facilities. Although compensation in cash might have been paid in some cases, in view of the human suffering involved, these cases deserve to be treated with sympathy. In the case of projects to be taken up hereafter, a comprehensive programme should be drawn up for the rehabilitation of the displaced families. Resettlement colonies with the necessary facilities should be made available to the tribals as soon as they are displaced from their original habitations. The services of the Tribal Research Bureau may well be utilised to undertake a survey of the affected tribals and to make suggestions for their rehabilitation, keeping in view their mode of life, traditions and customs.

As the system of payment of compensation in cash has not generally worked well, the Team suggests that as far as possible, displaced tribals should be provided land for land and house for house. If cash compensation, is due to them, the same may be deposited in their names in the Post Office/Savings Bank as was done in the MIG area of Koraput. Since the tribals are generally illiterate, steps should be taken in advance to guard against their becoming victims of fraud while operating the Savings Bank Accounts. Such cases of fraud were in fact reported in Ranchi.

Discrimination shown in the matter of grant of benefits to the Tibetans in the settlement of Chandragiri Ganjam district, affecting 236 Saora families in 13 villages, has caused resentment among the Saoras and has led to conflict between the two communities. Steps should be taken by the local officers to restore harmony between the two groups and see that the tribals are not harassed or otherwise unfairly treated by the more enterprising Tibetan refugees.

Some points which should be kept in view while selecting rehabilitation sites for the resettlement of tribal families have been mentioned in as before.

### Research And Training

Due to lack of funds, the Tribal Research Bureau has not been able to publish reports on the studies undertaken by it. As these provide material which would be of interest not only to research Scholars in Orissa but also to research institutes and workers all over the country undertaking similar work, adequate funds may be placed at the disposal of the Bureau for their publication.

The reports and monographic handbooks which have already been completed by the Tribal Research Bureau should be edited and published without further delay.

For this purpose the Bureau may be given the services of an Editor. As the Bureau is also bringing out a journal, the need of an Editor is all the more necessary.

The services of a qualified Museum Curator should be obtained to look after the Museum. The Museum Hall should also be expanded suitably and necessary showcases and other fixtures added for the proper display of the specimens. For this purpose suitable financial assistance may be provided by the Government of India.

The Staff of the Tribal Research Bureau includes one Assistant Director, four Research Officers, thirteen Junior Research Officers, one Junior Statistician, Thirty Six Investigators and some class III and class IV staff. As the Bureau is not undertaking any comprehensive surveys, there may not be any need to retain such a large number of Investigators. Instead, it may be better to have a few more Research Officers in different disciplines who could undertake qualitative evaluation of the tribal development programmes.

It may be useful to institute a system of research fellowship in the Tribal Research Bureau whereunder the students in the Universities wishing to undertake tribal research could be engaged by the Bureau on a consolidated monthly payment say of Rs. 300 p.m. for a year or two and asked to take up a comprehensive study of a particular tribe or of specific tribal problems and submit a report for publication.

The Study Team feels that in order to attract competent and experienced persons to serve in the Bureau, it is necessary that the pay scales are made reasonably attractive. In any case they should be comparable with the scales of pay of staff of corresponding status in University Departments and other Research Institute. It is also necessary that the prospects of the staff employed in the Bureau should be reasonably attractive so that the tendency to look about for better jobs elsewhere is curbed. If necessary, a sub-committee of the Advisory Board, which may include representatives of the Administration and Finance Departments, may be set up to go into the question of a suitable staffing pattern for the Bureau and the pay scales of the various categories of staff.

Besides providing technical guidance to research staff and supervising their work, the Assistant Director is also required to look after the administration of the Institute. The Bureau has a large complement of staff and is functioning as a full fledged self-contained organization. It is likely, therefore, that a lot of administrative and other day-to-day routine work entailing considerable expenditure of time and labour will be devolving on the Assistant Director. This could more appropriately be dealt with by a Separate Administrative Officer, thereby enabling

the Assistant Director to have more time to concentrate on research work.

The Study Team observed that the Assistant Director of the Bureau is only a Class II Officer. To enable him to exercise effective control over the research and administrative staff, he should be given class I status with an appropriate pay scale and vested with adequate financial and administrative powers. This is particularly necessary because the Research Officers in the Bureau are also Class II Officers and in fact there is not much difference between their pay scale and that of the Assistant Director except for the higher initial start in his case.

The Tribal Research Bureau does not undertake any training programme at present. There is, however, a Separate Tribal Orientation Training Centre located at Maehkund in Koraput District. It appears that only a limited number of field officers are deputed for training to this Centre with the result that its capacity is not being fully utilised. In order to get the best out of the expenditure incurred on the Centre, the State Government should ensure a steady flow of personnel for undergoing training at the Centre.

Unlike other States, the Tribal Orientation Training Centre is not a part of the Research Bureau. The Team suggests that the pragmatic approach which the research workers of the Bureau have developed by studying various problems should be utilised to train different officers and staff engaged in tribal welfare work. The Research Bureau and Training Centre, in close collaboration with each other should be able to play a positive role in turning out officers who will, with proper orientation, be able to work successfully among the tribals. To get the best results, therefore, from the existing Training Centre at Maehkund with the Tribal Research Bureau.

There is a Tribal Orientation and Study Centre located at Bhubaneswar under the administrative control of the State Community Development Department. As there is also a separate Centre run by the Tribal and Rural Welfare Development at Maehkund and the object of both the Centres is to impart training in tribal welfare work the Team feels that it would be advantageous to amalgamate the two Centres and make them an adjunct of the Tribal Research Bureau at Bhubaneswar. Such a step will ensure the growth of an effective institution for research and training. Moreover, this arrangement has the merit that it will result in some saving in expenditure to the State as it should then be possible to have a common administrative set up for the two Centres and the Bureau. However, it will be necessary to have a whole-time Director so that the various activities of the Bureau. Such as research, training and publication receive the attention they deserve.

# STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES, 1966—REPORT ON RAJASTHAN

New Delhi, Planning Commission, Committee on Plan  
Projects, 1966. 125p.

Chairman : Shri P. Shilu Ao.

Members : Shri L.M. Shrikant ; Shri B. Mehta  
(replaced by Shri T. Sivasankar).

Secretary : Shri Mohan Lal (replaced Dr. G.D.  
Patel).

## APPOINTMENT

Programmes for the welfare and development of Scheduled Tribes from an integral part of the Five-Year Plans. Although significant progress has been achieved in several directions, it is important that during the Fourth and Fifth Plan periods, the process of economic and social development among tribal communities should be greatly accelerated. Rising levels of well-being, growing economic opportunities and greater integration with the rest of the population essential both for the welfare of tribal communities and the progress of the country as a whole.

The Draft Outline of the Fourth Five Year Plan provides substantial resources for special programmes for the Welfare of Tribal Communities and indicates a number of directions in which current development programmes should be reoriented. In the light of past experience, it has become essential that the schemes formulated should enable the Tribal Communities to secure an adequate share in the benefits of general development programmes and speed up their economic and social advance. With the object of giving practical effect to these recommendations and assisting State Governments in evolving concrete schemes of development which are specially adapted to the needs and conditions of tribal areas, at the suggestion of the Planning Commission. The Government of India, Planning Commission, Committee on Plan Projects have set up a Study Team on Tribal Development Programmes Vide their Resolution No. Copp/Adm/16(1)66 dated October 26, 1966.

## TERMS OF REFERENCE

- (a) Study the problems and needs of the Tribal Communities in each State ;
- (b) Appraise the working of Tribal Development Programmes, especially during the Third Year Plan ;

(c) Ascertain how far the schemes formulated so far have enabled the Tribal Communities to secure an adequate share in the benefits accruing from the general development programmes ;

(d) Make detailed recommendations regarding the lines on which the schemes should be oriented in the Fourth Plan to accelerate progress; and

(e) Suggest measures for strengthening the administration machinery and harnessing tribal leadership and institutions so as to ensure their fullest participation in the tasks of economic and social development.

## CONTENTS

Preface ; Introduction ; Administrative Set-up ; Development Plans ; Land Problem and Indebtedness ; Agriculture ; Forests ; Community Development ; Panchayati Raj and Co-operation ; Communications ; Industries, Minerals and Power ; Education ; Medical and Public Health ; Research and Training ; Summary of Recommendations and Conclusions ; Annexures I to XVII.

## RECOMMENDATIONS

While all the Tribal Communities in the State are backward and are in various stages of development, there are some Communities among them such as Bhil and Garasia which are particularly backward. The Study Team recommends that the State Tribal Research Institute may keep in view the mode of life, tradition and customs of these Tribal Communities and also taking into consideration their present stage of development, prepare special schemes for the uplift of these Communities.

### Administrative Set-up

With the introduction of Panchayati Raj in Rajasthan a number of schemes have been transferred to Panchayat Samities for implementation. Although the funds are provided by the Department of Social Welfare, it does not enjoy supervisory functions and powers in respect of these schemes except for rendition of accounts and submission of utilisation certificates by the Panchayat Samities concerned. The State Government may take

steps to remedy this situation. One way of doing so would be to give to the Director of Social welfare the ex-officio status of Joint Development Commissioner and that of Assistant Development Commissioner to the Assistant Director of Social Welfare, Udaipur.

The role of voluntary agencies in improving the lot of the tribal communities cannot be over-emphasized and, having regard to the large tribal population in the State, the Team feels that it should be possible to utilise the services of voluntary and non-official organisations in the implementation of tribal welfare programmes in a greater measure. In fact, the Team understands that there are still areas which are not covered by the activities of the voluntary agencies. The Team, therefore, recommends that the State Government may consider the question of providing more funds for grants to such agencies.

The Team feels that the reservation of 12-1/2 per cent for class I, II and III posts and 15 per cent for class IV posts, prescribed for Scheduled Castes and Scheduled Tribes is not in proportion to their population in the State which is about 28 per cent. There is need, therefore, to raise the reservation quota for these communities. The Team also feels that the practice of clubbing Scheduled Castes with Scheduled Tribes for the purpose of appointment to State services and posts without prescribing a specific percentage of reservation for Scheduled Tribes operates against the interest of the latter as they have to compete with the Scheduled Castes, a section of the Community which is far more advanced, and recommends that reservation depending on their population should be made separately for Scheduled Castes and Scheduled Tribes.

As the reserved quota for Scheduled Castes and Scheduled Tribes has not been utilised in full except for class IV posts, it is necessary that the reasons for the low representation of these communities in services should be examined by the State Government and necessary steps taken to raise the percentage of employment among these communities to the prescribed level. In this context, the Team also suggests that the State Government may set up a Committee, under chairmanship of the Chief Minister on the lines of the Committee constituted at the Centre, to examine periodically the position and review the performance in the matter of recruitment of Scheduled Castes and Scheduled Tribes in services/posts in or under the State Government and its Public Undertaking.

#### Development Plans

After a study of the working of the Third Plan schemes, the Team would like to make the following suggestions :

(1) In view of the recent policy of the Govern-

ment of India, it is clear that full funds for T.D. Blocks will not be available, as in the past. The State Government may, therefore, adopt an approach under which all resources available in the Block will be pooled for the formulation and execution of the tribal development programmes.

(2) The Programme for the construction of school and hostel buildings was delayed due to emergency. It is essential that it should be taken up again in earnest during the Fourth Plan period.

(3) The Tribal Research Institute has not developed because suitable staff could not be appointed during the Third Plan period. Since the Research Institute serves as an instrument for assessing the value of tribal development programmes and the results of its studies are to serve as a feed back to the planning process, it should be adequately staffed.

#### Land Problem And Indebtedness

During its visit to the tribal areas of the State, it was brought to the notice of the Team that the provisions of the Tenancy Act were being violated and that the law had not proved beneficial to the tribals. It was stated that the modus operandi of the non-tribals was to take tribal lands for cultivation and acquire under the Tenancy Act, as a person having cultivating possession for a continuous period of three years (now one year), the rights of a tenant. The Mawlatdar, who is also a Sub-Registrar, registers such tenancy rights. The Team suggests that the post of a Sub-Registrar may be separated from that of a Tehsildar and provision made in the Indian Registration Act to the effect that such illegal transfers or rights in land should not be registered by the Sub-Registrar.

In the Kota district about 200 acres of government land which were earmarked for assignment to the tribals (Sahariyas), were assigned to non tribals. This assignment seems to have been made in contravention of the Government orders. The Team suggests that a Special officer may be appointed to inquire into the malpractices adopted while assigning these lands and after cancelling the assignments in the event of the enquiry disclosing fraud, reallocate the lands to the tribals.

Provision has been made in the Land Allotment Rules for the allotment of waste land to tribals on a percentage basis. In the Dargarwar district, 75 per cent of the applications made by tribals for the grant of land were rejected on the grounds that they were not properly filled in. The Team suggests that the Block Agency or the Panchayat Agency or Voluntary Organisations may help the tribals to properly fill in the application forms. The forms may also be simplified.

It was brought to the notice of the Team that there



were many encroachments made by tribals on Government lands. As a result, thousands of encroachment cases are pending in the Revenue Courts. The Team suggests that in deciding the claims of the tribals on encroached lands, the State Government may, in view of the poor economic condition of these communities, take a lenient view of the matter and if the encroachment is otherwise unobjectionable allot the land in favour of the tribals.

Under the Mahi Project, 80 villages of the Banswara district are to be submerged. The Government has, therefore, stopped allotment of land within the Command area for the last 10 years on the ground that the lands would be needed for the settlement of displaced persons. As a result of the decision to stop allotment of land, landless persons in the area are not being allotted lands needed by them for cultivation. The Team suggests that the State Government should look into this matter and grant land to the landless tribals at least on a temporary basis.

With the intensification of developmental activities, a number of industrial, mineral and irrigation projects are likely to be taken up in the tribal areas. This may result in the displacement of tribals from their hearths and homes in large numbers. On the river Mahi alone, two important projects, namely, Kadana and Bajaj Sagar are being built in the Panchmahal and Banswara districts of Gujarat and Rajasthan States respectively. The Team suggests that advance action may be taken by the State Government to ascertain the extent of displacement of tribals so that a comprehensive programme may be drawn up for the rehabilitation of the displaced families. Experience in other States has shown that the system of payment of compensation in cash has generally not worked well. The Team, therefore, suggests that as far as possible, displaced tribals should be provided land for land and house for house. Resettlement Colonies with the necessary facilities should be made to receive the tribals as soon as they are displaced from their original habitation. The services of the Tribal Research Institute should be utilised to undertake a survey of the affected tribals and to make suggestions for their rehabilitation keeping in view their mode of life, traditions and customs.

The help of the Panchayati Raj bodies and other voluntary agencies may be enlisted by the State Government for undertaking educative propaganda among the tribal communities with a view to creating consciousness about the various provisions of the Act and simultaneously to bring home to them the need for reduction in expenditure on bride price and other social customs because of which they generally incur debts. The Team further suggests that the laws enacted

for scaling down past debts and regulating money-lending may be more strictly enforced.

### Agriculture

During its visit to the tribal areas, it was brought to the notice of the Team that the State Government had taken a decision that subsidy should not be granted for the purchase of fertilizers and pesticides. The Team suggests that in order to popularise the use of fertilizers and pesticides in the tribal areas, the State Government may reconsider their decision and extend financial assistance to the tribals, 50 per cent as grant and the balance as loan.

Long staple cotton is grown in tribal areas, particularly in the Banswara district; but there is no processing unit in the area. This is presumably because of lack of communications. The Team, therefore, suggests that a cotton ginning and pressing factory may be established in Banswara on a cooperative basis and that necessary communication facilities may be provided. Bridges and culverts may be constructed so that records remain usable throughout the year.

Possibilities for the development of horticulture for which there seems to be good scope have not yet been fully explored in the tribal areas. The Study Team considers that in the tribal areas, wherever conditions are favourable, orchard cultivation should be introduced and the tribals should be encouraged to grow fruit both for their own consumption as well as for sale. However, before embarking on the scheme on any large scale, it will need to be ensured that adequate marketing facilities exist in the vicinity. Alternatively, some satisfactory and cheap arrangements for transport of the produce to the marketing centres should be made. With a view to selecting fruits that will grow well in particular areas and also to provide technical guidance to the tribal farmers, the State Government may consider the advisability of setting up Horticultural Research Stations in selected Centres.

The amount of subsidy granted by the Government for irrigation wells in the tribal areas, should be fixed having regard to the cost of actual construction. The physical target of wells to be constructed should be fixed keeping in view the availability of funds. Further, priority should be given to completing incomplete wells. The Team also feels that well construction could be expedited if a few air-compression units are earmarked for the tribal areas.

During its visit to Dungarpur, it was brought to the notice of the Team that lift irrigation from rivers and rivulets were found to be cheaper and more useful in comparison to well irrigation for small holdings of tribals located in the vicinity of such natural sources of water. Lift irrigation facilities may, therefore, be provided on

the Som and the Mahi rivers flowing through the tribal areas. It was also brought to the notice of the Team that irrigation facilities could be augmented by repairing and deepening the old wells and desilting the existing tanks. The Team suggests that a scheme for this purpose may be undertaken after making a quick survey such wells and tanks.

In view of the fact that the tribal areas are backward, the Team feels that the application of the criterion of cost benefit ratio while sanctioning irrigation schemes should not be applied in the case of tribal areas and that the aspect of economic up-lift of the tribals should be the main criterion for providing irrigation facilities to such areas.

Pig breeding is not very popular in the tribal areas, but with a little propaganda and training, it may be possible to induce the tribals to take to pig-rearing. The Team suggests that the matter may be examined by the Animal Husbandry Department.

In the plains areas, the rivers and tanks could advantageously be utilised for the introduction of fishery schemes. Fish can add the much needed protein to the diet of the tribals, besides being an additional source of income. The Study Team, therefore, recommends that the Fisheries Department may, in consultation with the Social Welfare Department, undertake a pilot programme for promoting pisciculture at suitable places in the tribal areas.

### Forests

The Banswara district is very rich in forest wealth. Apart from a Government Saw Mill which has been established at Banswara, the Team suggests that schemes of strawboard factory and furniture manufacture may be advantageously undertaken in the district. The feasibility of setting up processing factories for forest produce, strawboard factory and furniture manufacture and other forest based industries at suitable places in the tribal areas may be examined by the State Government.

During the Team's visit to Dungarpur district, it was brought to its notice that as a result of degradation and deforestation, minor forest produce was not available to the tribals in sufficient quantities to enable them to supplement their income. The Team, therefore, recommends that a bolder programme for afforestation of barren hills in Dungarpur and other tribal areas should be taken up.

In order to enable the village community to meet its day to day requirements of fuel, etc., locally, the programme of creation of village forests needs to be pursued more vigorously.

During 1966-67, only 48 Forests Labourers' Cooperative Societies (out of 128) were able to get coupes, It

is necessary to ensure that the societies do not suffer for lack of work.

Coupes were auctioned in 7 Forest Divisions. The Forest Labourers Cooperative Societies could not bid because they could not provide the requisite earnest money of Rs. 500 and the security deposit of 25 per cent of the bid amount. It was alleged that contractors combine and raise the bids with a view to defeating the societies which are working well. To remedy this situation, such cooperatives societies should be exempted from payment of earnest money and security deposit. The Team recommends that such exemption may be granted and would add that this practice is already in force in Bihar and some other States.

Proposals for share capital participation (in Forest Labourers Cooperative Societies) are to be routed through the Revenue, Cooperative and Forest Departments. This is a cumbersome procedure; in fact no sanction has been forthcoming under this procedure during the past 3 years. The Team understands that till 1966-67 the Government could provide share capital to 50 societies only as against 128 societies which have been established. It has to be realised that without Government share capital participation, it is difficult for these societies to function.

While prior to 1965-66, the Forest Department used to meet the loan requirements of the Forest Labourers' Cooperative Societies the loan requirements have now to be met from the Rajasthan Industrial Cooperative Bank. The loans are advanced at 8 per cent interest. The rate is regarded high by the societies. It is necessary to provide loan at cheaper rates.

### Community Development, Panchayati Raj And Cooperation

No additional posts of Village Level Workers have been sanctioned in T.D. Blocks. In view of the facts that (i) villages are scattered in tribal areas and (ii) communications have not been properly developed, it is not possible for the Village Level Workers to take up intensive work with frequent visits to the tribal families. It is, therefore, necessary to increase the number of Village Level Workers in the T.D. Blocks.

Extension Officers functioning as B.D.Os do not have the requisite status and cannot pull their weight with the officers of other departments operating in the Blocks. They are, therefore, not able to coordinate development activities satisfactorily. The Team suggests that there is need to appoint B.D.Os with adequate status and powers.

There is need for a selective approach and for taking up schemes in the Blocks with due regard to the needs and problems of the tribals inhabiting the area. The Team also feels that an area approach, which would

involve pooling of resources, is called for in the T.D. Blocks. The Team understands that the State Government has already decided to take up on a pilot basis an Area Development plan for Dungarpur district. The scheme may be implemented early.

The T.D. Blocks are generally situated in hilly and inaccessible areas with the result that officials are reluctant to go and work in these areas. In order to attract officials to such areas, it is necessary to provide incentives, such as a special pay and advance increments, and even accelerated promotion for commendable work done by them.

The Development of Social Welfare may be suitably strengthened so that it keeps a close watch over the progress of works in the T.D. Blocks.

In Kherwara Block of Udaipur district, 5 B.D.Os were transferred within five years. In the interest of effective implementation, the Team would suggest that frequent transfers of B.D.Os and other extension staff may be avoided as far as possible.

Popular contribution is linked with certain schemes in the tribal areas. The tribals are generally poor and their inability to give even the small contribution can be secured easily by the Block staff. Thus, the tribals are deprived of the benefit of development schemes. The Team, therefore, recommends the popular contribution may be suitably reduced in the case of tribals or waived altogether in special areas.

Detailed surveys of different raw materials available in the forests should be carried out and based on the findings of the surveys, programme for organising forest-based industries on a cooperative basis may be taken up in association with the Forest Department. The assistance of the Khadi and Village Industries Commission can appropriately be availed of in this connection.

The Team agrees with the findings of the Evaluation Organisation that it should be made the special responsibility of the Zila Parishads to ensure that the Panchayati Raj Institutions under them devote adequate attention to the welfare of the weaker sections of the community. The Team also suggests that in order to expedite implementation of the development programmes, the traditional Panchayats should be closely associated with the planning process.

Under the well construction programme, many wells have remained incomplete. The Team suggests that having regard to the urgent felt needs of the tribal areas, long term loans may be given to Panchayats to enable them to complete the construction of incomplete wells.

The Panchayat Samitis are responsible for carrying out construction works costing upto Rs. 25,000. The construction costs have gone up and they are higher in tribal areas in particular because of difficulties of transport, lack of skilled workers, etc. It is, therefore,

necessary that the financial limit of works to be executed by the Panchayat Samitis may be raised suitably, having regard to the conditions in tribal areas and the capacity of the Samitis to take up the works.

For the development of cooperatives in the tribal areas, it is necessary to provide managerial subsidy and other financial assistance on a liberal scale. It is felt that, at least in the initial stages, the secretaries should be qualified and full-time paid workers who will be able to protect the interest of both the cooperatives and their members.

There is clearly a need to establish in the State a Tribal Development Corporation on the pattern of Andhra Pradesh and Madhya Pradesh with the following objectives :

(i) To purchase minor forest produce collected, and agricultural produce grown, by the tribals at fair prices.

(ii) To sell them articles of domestic requirements, agricultural implements, fertilizers, etc., and

(iii) To provide them with necessary credit facilities for agricultural and other purposes.

The Team would like to emphasize that the collection of minor forest produce should be the monopoly of the tribals.

In order to strengthen the cooperative movement in the tribal areas, it is suggested that the cooperative societies may be permitted to grant consumption loans to tribals against a surety to prevent them from going to moneylenders for getting loans. Secondly, if the credit need is linked with the marketing of the produce, it will help recovery of the loan advanced. To enable the tribals to get loans from these cooperative societies without difficulty and having regard to the fact that the poor tribals are generally illiterate, the procedure for grant of loans should be simplified.

Although arrangements exist at the Tribal Research Institute, Udaipur, for giving training and orientation to the Managers of Forest Labourers' Cooperative Societies, only one third of the Managers have received training at the Institute. As it is important that arrangements should be made for the training of office-bearers of other cooperatives the Team suggests that peripatetic training programmes may be organised for the purpose.

#### Communications

The Banswara district is cut off during the monsoon by two rivers—by the Mahi on the eastern/western and northern sides and by the Anas in the South. No railway line passes through the district. It is, therefore, essential that the bridging on the rivers and improvement of communications should be given high priority in this area.

Many roads have been constructed without culverts

and bridges. The Team suggests that in the road construction programme, culverts and bridges should be constructed simultaneously in an integrated manner.

Some of the roads, the construction of which was undertaken under the programme of relief works to provide employment to the people, during the years that the State was hit by conditions of scarcity, were left incomplete and the earth work was washed away during the rains. The Team feels that it should be possible to repair such roads and recommends that after getting the necessary estimates prepared, funds should be provided to the T.D. Blocks to enable them to complete the works and improve communication facilities in the tribal areas.

### Industries, Minerals And Powers

The Banswara district is very rich in forest wealth. There is need to start forest-based industries to exploit the forest produce.

The Banswara district grows cotton worth Rs 3 crores per year. The Team suggests that a spinning and weaving mill may be set up in this area on a co-operative basis, which will open avenues of employment to a large number of tribals.

White-stone is available in the Kushalgarh area of the Banswara district. It can be used in the manufacture of glass. The Team, therefore, suggests that a glass factory may be set up in the area.

A training centre at Dungarpur, run by the Industries Department, provides training in weaving, carpentry and manufacture of footwear. Formerly, the trainees on completion of the course, were given financial assistance up to Rs. 250 as loan in order to enable them to start business. This assistance has since been stopped. As a result, the trainees, on completion of training, find it difficult to set themselves up in business. The Team suggests that financial assistance may be given atleast for the purchase of tools and raw materials to enable the trainees to start business in their trades.

There will be no significant improvement in their economic condition nor will they ever rise in the social scale if the best that we can do is to ask tribals to work as wage earners on a daily pittance. To make any real impact on their economy it is important to ensure that tribals develop technical skills. Educational programmes for tribals should lay emphasis on mathematics and science from the earliest stage and selected students should be trained in technical institutions which may be located, as far as possible, in tribal areas where industrial development is taking place.

While the Team appreciates that it may not be possible, as things stand at present, to draw up power

programmes for tribal areas alone, it feels that there is need to ensure that whenever any power project is taken up in the heart of a tribal area and electricity is provided to towns and administrative centres, the tribal villages in the vicinity are not deprived of the benefits of the project. In this context the Team would refer to the practice obtaining in Gujarat where, to ensure that the tribal villages are not excluded from future electrification programme, before any new scheme is sanctioned, steps are taken by the State Government to ascertain that no Harijan and Adivasi villages or localities have been left out from the purview of the scheme. The Panchayat concerned is also required to furnish a certificate to that effect. The Team suggests that adoption of a similar procedure by the Government of Rajasthan.

### Education

Ashram schools have been started on an experimental basis. Since these schools have not been provided with buildings and agricultural lands, they have not been able to show good progress. It is necessary that such deficiencies are removed. As such schools are necessary for promoting education among tribals, more Ashram Schools may be started.

Special schemes for starting primary schools in the far-flung tribal areas may be undertaken by the State Government. The norms for opening schools may be relaxed in the case of tribal areas. In the case of sparsely populated areas, however, it may be desirable to set up residential schools, preferably of ashram type, in central places.

Vocational schools, with agriculture bias should be started for tribal students. Students should be assisted to pursue their studies by the grant of scholarships. Craft education should also be introduced in the schools. Students should be given training in tailoring and carpentry to enable them to earn their livelihood if, after schooling, they do not take up regular service.

There is considerable backlog in respect of literacy among the adult tribals. Adult education centres should be suitably strengthened to make up the leeway.

The gap between the boys' education and girls' education is very wide. Concerted efforts are, therefore necessary to accelerate the pace of education among girls. It is suggested that more Ashram Schools may be opened for girls and hostel facilities expanded. Separate hostels for girls are needed particularly in Dungarpur and Banswara districts and Pratapgarh area of the Chittorgarh district.

With the progress in education, unemployment among educated tribal boys and girls has also increased.

It is necessary to provide them suitable employment in order to avoid any frustration.

The existing hostel facilities for tribal students are not adequate. It is necessary that more hostels should be established. Provision should also be made for the grant of scholarships to tribal students in the primary and middle schools.

#### Medical And Public Health

As the tribal people still have more faith in local herbs than in modern medicine and a lack hygienic sense and knowledge, they are not keen on availing themselves of the medical facilities provided by Allopathic and Ayurvedic dispensaries and Primary Health Centres. It is, therefore, necessary to make arrangements for imparting health education to the tribals so that they may take advantage of these units in larger numbers.

Guineaworm disease is wide spread in the tribal areas of Banswara and Dungarpur. It is directly linked with contaminated water supply from step-wells. The Team, therefore, suggests that a special programme for conversion of step-wells into draw-wells may be undertaken by the State Government as early as possible.

In order to ensure that hospitals and primary health centres do not suffer for want of doctors and paramedical staff the State Government should undertake a programme of training local persons who, on completion of their course can be drafted to serve for a few years in the tribal areas.

As a certain percentage of seats in the medical colleges is reserved for tribal students, the State Government may lay down the condition that after completing the medical course, these students would be required to serve for a few years in the tribal areas. It is also necessary to make working conditions in tribal areas more attractive to the staff by providing free furnished residential accommodation and giving incentives like special pay, etc.

Against 2,331 villages which are provided with safe drinking water wells, nearly 3,760 villages have no drinking water well facilities. It is, therefore, necessary to give priority to water supply programmes and to provide sizeable funds both in the general sector and in the tribal welfare sector for undertaking drinking water supply programmes in the tribal areas in a bigger way than hitherto.

#### Research And Training

The Tribal Research Institute is at present functioning as a branch of the Department of Social Welfare. The Team feels, in order that the Institute may enjoy sufficient autonomy in its working it may be allowed to function as a separate unit directly responsible to Government and that for this purpose the status of the

Principal may be raised and necessary administrative and financial powers may be vested in him. The Principal should also have direct access to the Secretary in charge of Education and Social Welfare Departments.

The Study Team considers that the present staff in the Tribal Research Institute is not adequate. The Team understands that the Institute has recently drawn up proposals for re-organising its work in the context of the work to be undertaken by it during the Fourth Five Year Plan. These envisage organisation of research in four divisions, viz (i) Tribal Economy and Culture, (ii) Planning and Evaluation, (iii) Ad hoc Surveys and Social Research, and (iv) Social Demography and assessing the impact of legislation.

The Team suggests that a Sub-Committee of the Advisory Committee of the Tribal Research Institute may be appointed to examine the proposals and recommend a suitable staffing pattern for the Institute. The Sub-Committee may also include representatives of the Administration and Finance Departments.

If the services of competent and qualified staff are to be secured for the Tribal Research Institute, it is necessary to ensure that their pay and prospects are reasonably attractive. In any case the pay scales should be comparable with scales in other Tribal Research Institutes, say the one at Ranchi or at the more progressive Universities. In order to provide a sense of security to the staff, it is also necessary to make permanent posts which have been in existence for five years or more and are likely to continue.

The Tribal Research Institute has prepared a plan for the expansion of the Museum. The Team recommends that the State Government may take an early decision on these proposals and sanction necessary funds to enable the Institute to take up the proposed expansion programme.

The quarterly bulletin "Tribe" of the Tribal Research Institute is not being published regularly and sometimes there have been inordinate delays of as much as one year. As the articles and studies included in the Bulletin lose much of their utility as a result of its delayed publication, it is imperative that arrangements are made for its timely publication. If the Government Press is not in a position to undertake the printing of the Bulletin, it is better that arrangements are made to entrust its printing to private printers.

The Tribal Research Institute should also be closely associated by the Government at the time of the formulation of Annual Plans and Schemes of tribal welfare. In fact to make the maximum use of the Institute the Department of Social Welfare should employ it as an agency for the identification of weaknesses in the tribal welfare schemes with a view to benefiting from past experience and avoiding mistakes and pitfalls which

brought about the failure of schemes in the past.

The State Government may consider the need for the strengthening of arrangements relating to coordination between the Tribal Research Institute and other Department concerned with the tribal welfare such as the C.D. Department Cooperation, so that the services of the Institute may be utilised by them for studies bearing on tribal development programme in which they are interested and thus help in making the work of the Institute action-oriented.

The Team understands that the Institute proposes to conduct orientation courses in tribal life and culture separately for teachers, patwaris, forest guards, revenue officials, etc., who frequently come in contact with the tribals. However, the proposal has not made any headway as the Education, Revenue and Forest

Departments are reported to have not found it possible to release their officials for training. Since such training will help the officials to a better understanding of the life and cultural values of the tribal people and the techniques of working through their institutional frame work, the Team feels that there is need for these Departments to modify their attitude and depute their staff for training to the Institute.

In order to strengthen the coordination between the Tribal Research Institute and the Tribal Orientation and Study Centre, the Team recommends, that the control of the Tribal Orientation and Study Centre may be transferred to the Department of Social Welfare which is responsible for tribal development programmes. There may also be a common advisory board for both the institutions.

## **STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES, 1966—REPORT ON TRIPURA**

New Delhi, Planning Commission, Committee on Plan  
Projects, 1966. 94p.

**Chairman :** Shri P. Shilu Ao.

**Members :** Shri L.M. Shrikant; Shri B. Mehta  
(replaced by Shri T. Sivasankar).

**Secretary :** Shri Mohan Lal (replaced Dr. G.D.  
Patel).

### **APPOINTMENT**

Programmes for the welfare and development of Scheduled Tribes form an integral part of the Five Year Plans. Although significant progress has been achieved in several directions, it is important that during the Fourth and Fifth Plan periods the process of economic and social development among tribal communities should be greatly accelerated. Rising levels of well-being growing economic opportunities and greater integration with the rest of the population are essential both for the welfare of tribal communities and the progress of the country as a whole.

The Draft Outline of the Fourth-Five Year Plan provides substantial resources for special programmes for the welfare of tribal communities and indicates a number of directions in which current development programmes should be oriented. In the light of past

experience, it has become essential that the schemes formulated should enable the tribal communities to secure an adequate share in the benefits of general development programmes and speed up their economic and social advance with the object of giving practical to these recommendations and assisting, State Government involving concrete schemes of development which are specially adapted to the needs and conditions of tribal areas at the suggestion of the Planning Commission, the Government of India Planning Commission, Committee on Plan Projects have set up a Study Team on tribal Development Programmes vide their resolution No. Opp./Adm./16(1) 66 dated October 26, 1966.

### **TERMS OF REFERENCE**

(a) Study of the problems and needs of the tribal communities in each State.

(b) Appraise the working of Tribal Development Programmes, specially during the Third Five Year Plan.

(c) Ascertain how far the schemes formulated so far have enabled the tribal communities secure an adequate share in the benefits accruing from the general

development programmes ;

(d) Make detailed recommendations regarding the lines on which the schemes should be oriented in the Fourth Plan to accelerate progress ; and

(e) Suggest measures for strengthening the administrative machinery and harnessing tribal leadership and institution so as to ensure their fullest participation in the tasks of economic and social development.

## CONTENTS

Preface; Background Information; Tribal Communities of Tripura; Development Plans; Administrations; Agriculture; Education; Transport and Communication; Industry and Minerals; Medical and Public Health; Community Development, Cooperation and Panchayats; Summary of recommendations and Conclusions: Annexures from I to VII.

## RECOMMENDATIONS

A socio-economic survey of the Tribal areas may be taken up by an expert team immediately so that based on expert advice suitable need and resource based programmes and approaches for the development of the tribal areas in the territory may be formulated.

The administration have already agreed that in future each Department would earmark funds from its budget for being spent on programmes to be undertaken in tribal areas. It would be necessary to prepare, in close cooperation with the Tribal Welfare Department, and in the light of the socio-economic survey suggested earlier, suitable perspective plan for a period of 10 years.

### Administration

For the sake of administrative expediency and increasing efficiency, the territory may be divided into two or three districts so that the charge of the district officers is manageable.

There is an urgent need to streamline the administration in the Tribal areas and to reorganise the Tribal Welfare Department.

It is necessary that the Directorate for the Welfare of Schedule Tribes, etc., is formed early.

It is suggested that to attract officers for service in Tribal areas, there should be some incentive schemes.

### Agriculture

It is necessary to undertake a fresh survey to arrive at precise estimates of the number of jhumia families which still need to be settled as permanent cultivators.

The Supervisors posted to the colonies under jhumia settlement schemes should, as far as possible, be persons with agricultural bias and experience and preferably drawn from the agriculture Department.

With a view to promoting agriculture in the tribal colonies, it would be useful if a Separate Agricultural Officer is appointed under the ADM (Development) for making periodical visits to the colonies and providing technical advice and guidance to the colony Supervisors.

It is suggested that wherever sizeable tracts of land are available, mechanized reclamation may be undertaken. The Central Tractor Organisation of the Government of India may be requested to provide assistance in the land reclamation work in the Territory.

A Committee comprising both officials as well as non-officials may be appointed by the Administration to go into the question of acquisition of tribal lands by non-tribals. As an interim, measure the Administration may consider the question of widening the scope Section 187 of Tripura Land Revenue and Land Reforms Act which prohibits the transfer of land from tribals to non-tribals except with the written permission of the Collector.

The Scheme for the creation of an imprest fund to tackle the problem of moneylending in tribal areas may be reconsidered by the Government of India. Meanwhile, it should be useful to undertake the Purchase, Sale and Fair Price Shops Scheme which has been successfully tried in Orissa.

With a view to relieving the tribals from the burden caused by the high rate of interest on loans, the question of undertaking suitable legislation to scale down debts of more than two years old and to conciliate old debts of less than two years may be examined by the Administration.

A Committee consisting of officials as well as non-officials may be constituted by the Administration to advise as to how the problem of indebtedness among Tribals in the Territory can best be tackled.

Complaints against land settlement operations need to be urgently looked into and for this purpose, a Committee comprising both officials as well as non-official may be constituted. It would be useful if an officer of the Tribal Welfare Department is also associated with the deliberations of the proposed Committee.

It is necessary that a comprehensive survey is undertaken by the Administration of all the available irrigation resources together with a contour and soil survey of areas which can be served by them along with selection of crops which can be grown there.

It would be useful if a programme is undertaken to train progressive farmers in poultry keeping. It would also be necessary to ensure the provision of common services such as feed, fodder, veterinary and other facilities to the tribal families for the proper development of the livestock.



It is necessary to undertake an intensive survey for the development of pisciculture in tribal areas so that the existing water areas may be fully exploited for the development of fisheries. There would also be need to build up additional resources for fisheries development.

There is need for enabling the tribals living in reserved forests to continue Jhuming for long periods. Steps should, however, be taken simultaneously to introduce scientific and controlled Jhuming methods to minimise the bad effects of Jhuming on the forests. The Administration may also consider adopting regulations similar to those of Jhuming Land Regulations of NEFA for such areas.

It is necessary to bring the entire forest area under scientific management and control and action needs to be taken in this regard in various directions.

### Education

The Study Team feels that it would accelerate the pace of progress in the field of education in tribal areas if residential primary schools for boys and girls are started in selected places in the interior and suitable incentives given to the teachers. Such schools may be well of the Ashram type, as in Bihar and Orissa.

It is necessary that there should be at least two teachers in each primary school instead of the present single teacher system.

It is felt that teaching in the tribal languages will facilitate understanding on the part of the tribal children who will then be better equipped for receiving education at the higher level.

A concerted effort is necessary to raise the level of literacy among girls.

The causes of wastage and stagnation among tribal students should be studied in depth and steps taken to improve the present position which is manifestly unsatisfactory.

There should be a programme to organise some practical vocational training schools with a view to giving useful vocational training to those boys and girls who fail to get through the Matriculation examination.

### Transport And Communications

The Government of Tripura should avail themselves of the offer of the Central Road Research Institute to undertake further detailed investigation for building roads with local materials in different areas of the Territory as well as to construct a few miles of road using the proposed technique at lesser costs.

There is urgent need to open up the outlying areas particularly the border area e.g. Kanchanpur and Jampoi hills through all-weather roads.

The construction of roads and other building works in the tribal areas in the Territory can be expedited if a separate PWD is constituted and placed under the charge of the Development Commissioner.

With a view to pooling the available resources for road construction work, a Road Construction Board may be set up, with the Development Commissioner as Chairman and representatives of other Departments concerned as members, to coordinate the various road construction schemes undertaken with the funds provided by different Departments.

The extension of the existing rail link upto Sabroom, the southern-most sub-divisional down of the Territory is of utmost importance not only for the all round development of Tripura but also for defence purposes.

The Government of Tripura may take up with the Posts and Telegraphs Department the question of opening more post and telegraph offices in the Territory.

### Industry And Minerals

It is necessary that on successful completion of the training and the two years' production course in Training-cum-production Centres, the trainees are helped to set up their own establishments so that they may continue to pursue and earn a living from these trades.

It may be useful if the Administration could organise a small Geology and Mining Cell to undertake exploratory work in this field.

### Medical And Public Health

The State Government may consider the question of giving cash incentives and facilities like free furnished residential accommodation to the medical personnel working in the tribal areas.

More mobile dispensaries should be established which may be attached to the Sub-Divisional Hospitals and visits to the villages should be made according to a well-planned schedule with advance information to the villagers so that full advantage may be taken of such visits.

There is an urgent need for undertaking a systematic leprosy survey.

It is necessary that the programme of water supply be accelerated and provision of funds for water supply schemes made on a larger scale so as to cover all the villages within a reasonably short period.

Ring wells and tube-wells which can be repaired without much expenditure should be renovated as early as possible. There should also be a systematic programme for inspection so that the wells and tanks are serviced periodically.

## Community Development Cooperation And Panchayats

A small evaluation Committee, consisting of both officials and non-officials, may be appointed to go into the working of the Tribal Development Blocks in the Territory to assess what has been achieved during the last five years or so and to indicate the lines on which the programme may be reoriented.

Socio-economic surveys should be undertaken in all the T.D. Blocks on a priority basis.

It is necessary that more funds are made available to the Tribal Welfare Department from the normal budget to enable development activities to be taken up on a larger scale in the remote and interior areas.

It is necessary that the T.D. Block budget should be more flexible so that the schemes are prepared with particular reference to local needs rather than on any rigid pattern.

There is need for bringing about a more effective inter-departmental coordination in the Tribal Development Block programmes.

With a view to avoid delays in the sanctioning of Schemes in the Tribal Development Blocks, the Project Executive Officer and the Block Development Officer may be delegated powers to sanction an expenditure up to Rs. 5,000 and Rs. 2,500 respectively in each case.

Powers to sanction schemes involving expenditure of over Rs. 5,000 and upto Rs. 10,000 may be vested in the ADM (Development) who is incharge of the Tribal Development Blocks at the district level. There is a need to review the powers delegated to the various authorities in regard to schemes taken up under the Community Development Programmes.

It is necessary to ensure that accommodation is provided for staff posted in tribal areas and more specially in the interior areas.

It is suggested that the staff posted in Blocks should either be entitled to rent free accommodation or if rent is charged, the rent should in no case exceed 5 per cent of their salary.

As the Panchayats in the Territory are of recent origin and lack experience, it is necessary that Government should give them adequate assistance and guidance to ensure effective supervision over their affairs.

There is need for amalgamation of the village Co-operative Societies to make them viable and enable them to meet the demands of at least the agriculturists. It is also necessary that they should be converted into multipurpose societies so that they may, in addition to providing credit to agriculturists, meet the consumer needs and provide marketing facilities to the villages.

## STUDY TEAM ON TRIBAL DEVELOPMENT PROGRAMMES, 1966—REPORT ON WEST BENGAL

New Delhi Planning Commission, Committee on Plan  
Projects, 1966, 132p.

Chairman : Shri P. Shilu Ao.  
Members : Shri L.M. Shrikant ; Shri B. Mehta.  
(replaced by Shri Sivasankar)  
Secretary : Shri Mohanlal (replaced Dr. G.D. Patel)

### APPOINTMENT

Programmes for the welfare and development of Scheduled Tribes form an integral part of the Five Year Plans. Although significant progress has been achieved in several directions, it is important that during the Fourth and Fifth Plan periods the process of economic and social development among tribal Communities should be greatly accelerated. Rising levels of well-

being, growing economic opportunities and greater integration with the rest of the population are essential both for the welfare of tribal Communities and the progress of the country as a whole.

The Draft Outline of the Fourth Five Year Plan provides substantial resources for special programmes for the welfare of tribal communities and indicates a number of directions in which current development programmes should be reoriented. In the light of past experience, it has become essential that the Schemes formulated should enable the tribal Communities to secure an adequate share in the benefits of general development programmes and speed up their economic

and social advance. With the object of giving practical effect to these recommendations and assisting State Governments in evolving concrete schemes of development which are specially adapted to the need and conditions of tribal areas, at the suggestion, of the Planning Commission. The Government of India, Planning Commission, Committee on Plan Projects have set up a Study Team on Tribal Development Programmes vide their Resolution No. Copp/Adm/16 (1) 66 dated October 26, 1966.

## TERMS OF REFERENCE

(a) Study of the problems and needs of the tribal Communities in each State ;

(b) Appraise the working of tribal development programmes, especially during the Third Five Year Plan ;

(c) Ascertain how far the schemes formulated so far have enabled the tribal communities to secure an adequate share in the benefits accruing from the general development programmes ;

(d) Make detailed recommendations regarding the lines on which the schemes should be oriented in the Fourth Plan to accelerated progress ; and

(e) Suggest measures for strengthening the administrative machinery and harnessing tribal leadership and institution so as to ensure their fullest participation in the tasks of economic and social development.

## CONTENTS

Preference ; Background Information ; Tribal Communities ; Administration ; Development Plans ; Land Problem and Indebtedness ; Education ; Agriculture ; Forests ; Medical and Public Health ; Communications ; Community Development Cooperation and Panchayats ; Cottage and Small-Scale Industries ; Research and Training ; Summary of Recommendations and Conclusions ; Annexures from I to XIV.

## RECOMMENDATIONS

### Tribal Communities

The reserved quota for tribal communities in the posts and service under the Government of West Bengal has not yet been utilised in full. It is necessary that the reasons for the low representation of tribals in services are examined in taken by the State Government so that necessary steps may be taken to raise the percentage of employment among the tribal Communities to the prescribed level.

### Administration

Besides being the Deputy Secretary in the Department, the Director of Tribal Welfare is also the Ex-

officio Director of the Cultural Research Institute. This is a heavy charge for a single officer and is not conducive to efficiency. There should be a whole-time Director of Tribal Welfare in the State of course to facilities his work, it will be necessary to confer Ex-officio Secretariat status on him befitting his seniority and status.

The working of the Progress, Statistics and Coordination Cell needs to be reviewed with a view to improving its utility. It is also necessary that the Cell is manned by technical staff, suitably qualified and of sufficient status, so as to be able to make an adequate assessment of the working of the tribal welfare programme and provide useful data for future Planning.

It will be useful if sub-Committees of the Tribes Advisory Council are appointed in future to go into Specific problems of the tribal people and make suggestions for programmes and approaches for tribal welfare.

In a State like west Bengal where the tribal population is considerable, it should be possible to utilise the services of voluntary and non-official organisations in the tribal welfare programmes in a greater measure. The State Government may consider the question of providing more funds for grants to such agencies.

### Development Plans

In order that the tribal population may derive full benefit from the Schemes undertaken for their welfare, it is necessary, while drawing up these schemes that the needs and development of the tribes and the areas concerned are carefully assessed. This can be possible only through socio-economic Surveys which the Study Team recommends should be conducted in the tribal areas by an expert Team. The Central Government may meet the cost of these Surveys.

The provision for Centrally sponsored schemes for tribal Welfare in West Bengal was reduced considerably during the Third Plan. The State has been consequently hard hit, particularly because there are no Tribal Development Blocks in the State. In all fairness, the State of West Bengal should be given more funds for Tribal Welfare Programmes in the Central Sector.

### Land Problem And Indebtedness

Through law the rights of the Share-Croppers are protected, it is only the recorded share-Croppers who can seek redress, and in the case of tribals, their rights are not always recorded in the Record-of-Rights. As a result, most of the tribals hardly enjoy any better status than that of agricultural labourers.

The remedy for reducing indebtedness among the tribal population lies in improving their economic condition. Side by side, it is necessary that long-

term credit should be provided to wean them away from traditional money-lenders. The only way of doing so is to provide cheap and easy credit through Cooperatives and other Government agencies directly to the tribal population.

Apart from the Graingola Scheme, the State Government may explore the possibility of undertaking purchase, Sale and Fair Price Shops Schemes as has been done in Orissa.

### Education

In the primary stage the enrolment of the tribal children was 47 per cent during 1963-64. This compares very unfavourably with the enrolment for the State as a whole which was 70 per cent. Further, it is necessary, therefore, to take steps to increase the enrolment of tribal students in the primary schools.

There is need for the opening of more schools. It would be necessary for the Education Department to relax the norms prescribed for the opening of schools as well as the pupil teacher ratio while considering proposals for the opening of new schools in the tribal areas.

The recommendation of the Tribal Language Committee appointed by the State Government regarding the medium of instruction, etc., should be implemented, as soon as possible.

It is necessary to simplify the procedure for the appointment of tribal teachers for primary schools, in whole case the minimum qualification has been relaxed to middle pass, so as to eliminate delays.

It was represented to the Study Team that there was delay in the payment of scholarships and fees to the tribal students. It is necessary to streamline the procedure tuition fee is concerned, the Team feels that it should be possible for the institutes concerned to claim the money directly from the Government.

The rates of boarding charges have since been increased from Rs. 22 to Rs. 30 and from Rs. 23 to Rs. 35 per month per student in the rural and urban areas respectively. The increased amounts are, however, still not sufficient, keeping in view the steep rise in prices and should, therefore, need to be further enhanced.

It is absolutely necessary to increase the hostel facilities for accelerating the pace of education among the tribal communities in the State and the State Government may take up the work of opening more hostels on a bigger scale than heretofore.

The scheme of special coaching to students of higher classes viz., IX, X and XI both in Humanities and Science in selected schools which has been in operation for several years, has not shown encouraging results owing to several factors. The State Government is now

reviewing the position. It is felt that coaching at lower levels with a view to making the students strong at the base might be more fruitful. The Study Team agrees with this approach and recommends that suitable programmes may be drawn up for this purpose.

The Study Team regrets to note that the scheme for setting up of residential schools in selected localities has not yet been finalised and implemented for lack of necessary funds. The Team considers that the schemes is a useful one and would, therefore, urge its early implementation.

Since the gap between boys' education and girls' education is very wide, concerted effort is necessary to accelerate the pace of education among girls. It may be necessary for this purpose to open more schools exclusively for girls in the tribal areas with proper hostel facilities, the question of the opening of Ashram type schools for the girls may be considered by the State Government.

The Cultural Research Institute of the State Government may study, how post-matric education among the tribal communities with a view to making recommendations as to how the pace of enrolment of tribal students in the colleges can be accelerated. Meanwhile, the question of reservation of seats in the various colleges for the tribal students may be considered by the State Government.

In order that tribal students may take up higher studies in technical subjects, there is need for arranging for them special coaching in Science and Mathematics at an early stage, say from middle standard.

### Agriculture

There is a strong case for the State Government to revise its stand against reservations for the Scheduled Tribes in the matter of distribution and allotment of Khas lands.

In view of the fact that over three-fourth of the State's tribal population is engaged in agriculture, more emphasis should be laid on agricultural programmes and for this purpose the provision for agricultural schemes should be increased. Ways and means should also be devised to ensure that the tribals receive an adequate share of the benefits of the agricultural development programmes undertaken in the general sector.

Although considerable expenditure has been incurred on animal husbandry schemes, no information was available as to the extent to which the schemes have benefited the tribal people. It is also doubtful if the bulls supplied during the First and Second Plans are still able to provide effective service. The State Government may re-examine the suitability of the animal husbandry scheme undertaken under the tribal welfare

programme.

### Forests

To avoid any hardship to the tribal dwellers in forests, an early decision should be taken on the recommendations of the sub-committee of the Coordination Committee of Ministers of different departments set up to report on the tribal rights in forests and certain other matters, so that they might be implemented to the best advantages of the tribals.

It appears that there are a number of other villages in and around the forests which are similar to forest villages. The question of declaring these villages as forest villages may be considered so that the tribals inhabiting these villages may also take advantage of the privileges granted to forest villages as well as be of use to the Forest Department in forest operations.

To ensure that the scheme of forest labourers co-operatives proves a success, it is necessary that the Forest Department provides the necessary facilities to these cooperatives, such as exemption from payment of earnest money and security deposit and also preference for their bids within a minimum percentage say 12-1/2 per cent above the lowest bid, as has been done in some other States.

Side by side with the schemes for the creation of Forest based industries in the public sector proposed to be undertaken by the Forest Department, it would be useful to consider how best to benefit the tribals when such industries are established. One way could be to train selected tribals for skilled jobs in these industries.

The Forest Department have drawn up a scheme for the exploitation of forest produce. The manner in which the services of the tribals could be utilised in these activities so that they could also derive the maximum benefit from forests, should be examined by the Tribal Welfare Department in consultation with the Forest Department.

The Forest Department should make it a point to employ as far as possible, tribals as Forest Guards. Apart from the tribals getting employment in the forests, such a step will help in another way in that the tribals could be made more responsible towards forests in respect of which they would, by virtue of their employment, have to play the role of guardians.

### Medical And Public Health

The State Government may consider the question of opening subsidiary health centres in areas with tribal concentration.

More beds may be reserved in the T.B. Hospitals for the tribal patients and the procedure for admission to the Hospitals simplified. It would also be useful if T.B. Survey Units are set up in all the districts.

For the effective control of leprosy, it is necessary that the existing clinics should be up grade I to control units and provided with the requisite number of sub-clinics for extensive as well as intensive leprosy control work. There is also need for reservation of beds for the tribal patients in general Leprosy Hospitals as the tribal patients suffering from infectious cases of leprosy wishing to undergo treatment in such hospitals experience difficulty in securing admission because of various factors.

The time of the tribal students undergoing treatment in leprosy colonies could be well spent for educative purposes if suitable teaching material could be provided.

As quite often the leprosy patients become deformed and cannot follow or pursue their original occupations vocational training during their stay in the colony proves most valuable to them. The Study Team, therefore, recommend that the Occupational Therapy-cum-Vocational Training Centres may be established in the Leprosy Clinics having a sizeable number of patients. It would also be necessary to arrange for vocational training to the tribal patients after they are discharge from the colonies.

The State Government may like to examine the need for opening more Training Centres for ex-leprosy patients as well as for raising the number of seats in the existing one. It may also be useful to reserve some seats for ex-leprosy patients in the general Training Centres.

It is necessary to undertake a concerted programme of health education in the tribal areas.

No estimates are at present available of the number of tribal villages with inadequate or without any water supply resources. A survey may be conducted urgently to locate the villages which have inadequate or unsatisfactory water supply arrangements so that suitable schemes for meeting the water supply needs in the tribal areas may be undertaken in a comprehensive manner.

### Communications

It is necessary to draw up a perspective plan for the development of road communications in the tribal areas and for this purpose, adequate funds should be provided in the tribal welfare budget.

The Tribal Welfare Department have at present no technical staff which could undertake periodical repairs. Communication schemes taken up under the tribal welfare programme may, after construction be taken over for maintenance by the Roads Department. In some cases, however, it may be expedient to make the Panchayats or local bodies responsible for such works. For this purpose suitable grants may be made to

them.

#### Community Development, Cooperation And Panchayats

Since the Community Development Programme is intended for the benefit of the tribals as well as the general population and as the funds under the tribal welfare programme are rather limited, the schemes from the tribal welfare funds should be undertaken to supplement and not supplant the funds which could be available for tribal development from the general sector. Either the tribals should be exempted from making contribution in cash or kind in respect of schemes which may be taken up under the Community Development Programme for their benefit or their contribution should be met from the tribal welfare funds.

Considering the fact that the State of West Bengal is not receiving the benefit of financial assistance in the shape of funds for Tribal Development Blocks which other States are receiving, it is necessary that funds are allotted to the State for the sub-block schemes on a much larger scale.

Provision should be made for undertaking, at the initial stages, socio-economic survey of the tribal pockets in which the sub-blocks are to be established so that the schemes may be well-planned and may fully meet the needs of the people.

In many of the districts due to the poor economic condition of the tribals and their ignorance and illiteracy, the management of the *graingola* societies vests more often than not in the non-tribals who do not always keep the interests of the tribals in view. A study may be undertaken of selected *graingola* societies with a view to finding out how their working may be improved.

The setting up of the Forest Labourers' Cooperatives in the State on the pattern of Maharashtra and Gujarat States, as desired by the Tribes Advisory Council, should be pursued with the Forest Department so that the two Forest Labour Cooperative Societies since set up be afforded the necessary facilities to function successfully.

The Study Team feels that the association of an officer from the Cooperative Department, on a whole-time basis, with the Cooperative Schemes of the Tribal Welfare Department, as decided at the Conference of State Ministers incharge of Welfare of Backward Classes and of Cooperation held in May 1954, will go a long way in improving the working of these schemes and

would urge that this arrangement should be brought into effect early.

Specially provision may be made in the rules for the nomination or co-option of members of the Scheduled Tribes as members of the Panchayati Raj Bodies.

#### Cottage And Small Scale Industries

Keeping in view the steep rise in prices the hostel charges allowed at the rate of Rs. 20 per month per trainee in Calcutta and Rs. 15 per month per trainee in other areas of West Bengal allowed to the students belonging to the Scheduled Tribes undergoing training in vocational trades and crafts need to be increased.

#### Research And Training

Of late the Cultural Research Institute has been concentrating more on the taking up of theoretical anthropological studies, which can more properly be taken up by a University, than by a Cultural Research Institute carrying on research for the purpose of promoting the welfare of the tribals. The Study Team recommends that this matter may be examined by the State Government so that the Institute devote the bulk of its resources on research of problems of tribal development as well as on the evaluation of the welfare work done for the Scheduled Tribes.

With a view to giving autonomy to the Cultural Research Institute in its day-to-day work, it would be desirable to provide a whole-time Director. It may also be useful to constitute an Advisory Board with the Minister incharge of Tribal Welfare as Chairman, to ensure that the work of the Institute is conducted on right lines and that the Institute receives proper guidance regarding the problems to be taken up for study.

It will be useful if the State Government examine the need for the continuance of the Social Workers' Training Institute vis-a-vis their needs for training of personnel in future and the possibility of utilisation for this purpose, by making slight adjustments, if necessary, of other institutions already functioning in the State.

In order that there is close and constant liaison between the Social Worker's Training Institute and the Cultural Research Institute. It is suggested that they may both be located at some central place. This arrangement may also result in some saving in expenditure to the State as it would then be possible to have a common administrative lot-up for the two Institutes.

# COMMITTEE ON THE MECHANISATION OF TRANSPORT OF SOLID AND LIQUID COMMUNITY WASTES AND SUGGESTING THE PATTERN OF STAFF FOR PUBLIC CLEANSING OPERATIONS, 1966—REPORT

New Delhi, Ministry of Health and Family Planning  
(Department of Health), 1972. 31p.

**Chairman :** Shri T. Durairaj.

**Members :** Dr. B.D. Sharma ; Dr. T.L. Puttaswamy ;  
Shri M.J. Kakkad ; Prof. S J. Arceivala ;  
Shri C.P. Nakra ; Shri R J. Acharya.

**Secretary :** Shri T.K. Vedaraman.

## APPOINTMENT

The Government of India, Ministry of Health and Family Planning Department of Health Constituted an Expert Committee on the Mechanisation of Transport of Solid and Liquid Community Wastes and Suggesting the Pattern of Staff for Public Cleansing Operations vide their Letter No F9-2/66-LSG dated November 2, 1966.

## TERMS OF REFERENCE

(i) To standardize the types of vehicles and other equipment recommended for the collection and transport of town refuse, for the carriage of night soil drums, and for the collection and transport of solid and liquid wastes ;

(ii) To lay down broad specifications for the design of these different types of vehicles for maximum utility with optimum costs in respect of manufacture, operation and maintenance ;

(iii) To suggest a rational set up and pattern of staff for public cleansing operations for different community sizes ;

(iv) To work-out cost estimates for model projects for two or three Community sizes or for a given tonnage of refuse to be disposed off.

## CONTENTS

Introductory ; Discussion of the problem ; Recommendations ; Annexure 13.

## RECOMMENDATIONS

Having considered the problems and the existing practices in regard to collection and transportation of solid and liquid wastes, the committee makes the following recommendations :

1. Public cleansing plays the same role in the pro-

motion of public health as the provision of safe drinking water and hygienic disposal of human excreta and spent waters of the community. This service has to be under the unitary control of a qualified Public Health Engineer, assisted by at least one qualified Automobile Engineer in every major local body.

2. In the case of local bodies having a population of over 10 lakhs, the entire work of collection, transportation and disposal of all wastes, solid and liquid, be entrusted to the care of a qualified Public Health Engineer styled 'Director of Public Cleansing' who will have the rank of the Head of the Department in the local body. He shall be assisted by a qualified Automobile Engineer of the rank of an Executive Engineer.

3. In the case of local bodies having a population below 10 lakhs, but over 5 lakhs, the work will be in charge of a person generally as detailed in para 2 above except that the Automobile Engineer may be of the rank of an Assistant Engineer.

4. In the case of local bodies having a population below 5 lakhs but above one lakh the public cleansing work should be under a separate officer called the Chief Sanitarian under the Municipal Engineer. He may be assisted by a Supervisor (Mechanical). But during the transition period, which should not exceed five years, this work may be continued to be under the Health Department wherever it is so.

5. In the case of local bodies having a population below one lakh, the Engineer or the Engineering Officer of the local body will be incharge of the work ultimately but during the transition period which is not to exceed five years, the work may continue to be under the Health Officer.

6. Suitable collection sites shall be fixed by the local body in consultation with its Health and Engineering Officers for the following purposes.

(i) Places called Minor Collection Centres for the collection of the refuse brought by the wheel-barrow and scooter vans and tractor-trailers from the area and where from the refuse will be transferred to 5 to 7 tonne



refuse trucks ;

(ii) In the case of cities with population above 5 lakhs, places outside the city limits called the Major Collection Centres, where the refuse brought by the smaller units from the minor collection centres will be transferred again to the large capacity trucks for being transported to the final distant dumping sites ;

(iii) Places for the construction of suitable underground tanks for the collection of night-soil brought by wheel-barrows (closed type) from the areas served by dry latrines and wherefrom the night-soil will be transferred to vacuum cars and taken to the final disposal site;

(iv) Places for the final dumping and disposal of refuse and night-soil.

7. The wheel-barrows (closed type) as designed by the Central Public Health Engineering Research Institute for nightsoil and the wheel-barrows (open type) as per design in this report which is in use at Ahmedabad Municipal Corporation are recommended for use by the scavengers and sweepers for collecting the nightsoil and refuse from streets or houses.

8. Small capacity trailers of 2 to 3 tonnes capacity may also be used for direct collection of refuse from market places, etc., and for being hauled to the intermediate collection sites.

9. The Agriculture Tractors may be used in hauling the trailers upto the intermediate collection sites only if alternative mode of conveyance is not available.

10. All the refuse trucks of capacity of 5 tonnes and above as well as the trailers of 3 tonne capacity are to be fitted with tipping equipment to facilitate quick unloading.

11. The manual loading at the intermediate and the final collection sites is to be avoided as far as possible by dumping the refuse straight into the collection bins which can feel by gravity the larger truck placed below such bins

12. The following norms may be adopted for fixing workload, staff and equipment for public cleansing work.

(i) The refuse to be dealt with may be calculated at per capita rate of contribution of one pound half a kilogram, per day from a population anticipated three years hence.

(ii) The quantity of liquid wastes to be transported in vacuum cars may be calculated on the basis of one gallon per capita (or 5 litres per capita) from the population anticipated three years hence and which contributes to the liquid wastes.

(iii) In the congested areas one road sweeper is recommended for over 25,000 sq. ft. (2500 sq. metres) or part of area to be cleaned.

(iv) In ordinary area one sweeper is recommended for every 50,000 sq. ft. (5000 sq. metres) or part thereof.

(v) In scarcely populated areas one sweeper is recommended for every one lakh sq. ft. (10,000 sq. metres) of area or for every 500 population to be served whichever is higher.

(vi) One drain-cleaner is recommended for every 3000 running feet (1000 metres) of drains for sizes upto 24" (60 cms ) diameter.

(vii) One drain-cleaner is recommended for every 1000 running feet (300 metre) of drain for sizes greater than 24 per cent (60 cms.) diameter.

(viii) One care-taker is recommended for every public latrine of 12 dry type seats or 24 flush type seats.

(ix) One care-taker is recommended for every refuse transfer station.

(x) Four sweepers are recommended for every refuse truck of capacity 5 to 7 tonnes and one mazdoor for every vacuum car.

(xi) One driver is recommended for each refuse truck of any capacity or for a vacuum car for the actual number of vehicles needed for the anticipated wastes from the towns.

(xii) The extra for leave reserve for the staff may be provided at 30 per cent.

(xiii) One Assistant Sanitarian is recommended for every 40 sweepers or scavengers or drain cleaners.

(xiv) The work of the Assistant Sanitarian will be supervised by two Sanitarians, one dealing with the solid wastes and the other with the liquid wastes. The supervisor (Mech ) will be incharge of all the vehicles and the Central Workshop and Depot. He will be assisted by a foreman in the Workshop and sufficient number of mechanics depending on the number of vehicles to be dealt with.

13. At each local depot where the underground tank is constructed for nightsoil, there shall be the following also :

(i) An enclosure on top of the tank of dumping the nightsoil into the tank.

(ii) A shed for the storing of nightsoil wheel-barrows working in the locality (say 10 numbers.)

(iii) An office room and store.

(iv) A tubewell with pumping set with an overhead tank for supplying water for cleaning the nightsoil buckets and for adding water to the tank where needed.

14. The capacity of the local underground tanks may be 1,000 gallons each and they be cleaned once in two days. Each will be able to cater for a population not exceeding 2,000. The capacity of the household collecting wells when the dry latrine is converted into water closet may be for 7 days storage and the cleaning done once a week.

15. The Committee recommends the standardisation of the following vehicles :

(i) Refuse Truck—Open and fixed type—7 tonne capacity built on PMB or Leyland Comet Chassis.

(ii) Refuse Truck—open and fixed type—5 tonne capacity built on Dodge or Bedford Chassis.

(iii) Refuse Truck—Closed and fixed type—1/2 tonne capacity built on Lambretta or Vespa Scooter chassis.

(iv) Refuse Truck—Closed and tilting type fitted with tipping equipment—7 tonne capacity built on T.M.B. or Leyland Comet Chassis.

(v) Refuse Truck—Closed and tilting type fitted with tipping equipment—5 tonne capacity built on Dodge or Bedford chassis.

(vi) Vacuum Car—1000 gallon capacity fitted with an exhaustor driven by a prime mover or power take off unit on a heavy duty diesel truck chassis.

(vii) Wheel-barrows—

(a) Open type for refuse.

(b) Closed type—capacity 5 gallons.

(c) Closed type—capacity 17 gallons.

(d) Closed type—capacity 40 gallons.

16. The designs and specifications as suggested in Annexures may be followed till such time these designs are standardised by the Indian Standards Institution in consultation with the equipment manufacturers.

17. The Committee also recommends conduct of research by the Central Public Health Engineering Research Institute, Nagpur on the specific problems mentioned in para (2. xiii) in consultation with the Central Technical Engineering Research Institute, Durgapur wherever necessary.

18. The garbage collected at the disposal site and the nightsoil conveyed by vacuum cars can be composted in suitable proportions. Where garbage alone is composted the night-soil may be trenched or digested in suitable nightsoil digesters. The uncompostable material may be disposed of by sanitary landfills for reclamation of low-lying or marshy areas.

19. The staff pattern for the public cleansing operations has been discussed in broad lines already and based on this a typical public cleansing project for a town of 2 lakhs population has been worked out and given in Annexure I.

As the nature and details of the road surfaces and drains will vary considerably from town to town the Committee feels that the purpose will be served if the lines on which such a project is to be worked out is given for a typical town. In any town to start with, all the latrines will be of the dry type which have to be converted into water closets in a phased manner. The typical project worked out assumes that all the latrines are of the dry type. With the progressive change over of the dry latrines to water closets, the night-soil wheel-barrows will also get reduced in number progressively. The underground collecting tanks provided in the beginning will not be needed when the conversion is completed as the vacuum cars will collect the nightsoil from the collecting wells attached to the houses.

#### Para 2 xiii

The Committee feels that it is desirable to conduct research on the following problems by the Central Public Health Engineering Research Institute, Nagpur in consultation with the Central Mechanical Engineering Research Institute, Durgapur wherever necessary.

(a) Study of the indigenous tipping equipment with a view to improvements (for fitting to refuse trucks)

(b) Study of the manoeuvrability of the several designs recommended in the report under various working conditions.

(c) Study of the performance of the indigenous prime movers for running the refuse trucks with special reference to frequent intermittent working.

(d) To evolve suitable designs for tractors for refuse trailers, and

(e) To evolve suitable designs for nightsoil digesters.

## DELHI POLICE COMMISSION, 1966—REPORT

New Delhi, Ministry of Home Affairs, 1968. 581p.

Chairman : Justice G D. Khosla.

Members : Shri B.N. Mullik; Shri Ram Sharma.

### APPOINTMENT

To Delhi Police Commission was constituted under

the Ministry of Home Affairs, vide their Resolution No. 11/53/66-PI, dated November 5, 1966.

### TERMS OF REFERENCE

The enquire into and make recommendations on :

(a) The conditions of service, work and living of non-gazetted members of the Police Force in the Union Territory of Delhi; and

(b) Measures necessary to promote their efficiency and welfare.

## CONTENTS

Introductory (The Commission; Police Reforms); conditions of Service (Pay and Dearness Allowance, Special Pay and other Allowances); Housing and Welfare (Housing; Medical Facilities; Educational Facilities; Welfare and Amenities); Structural Changes (Commissioner of Police Administrative Controls; District Police Administration; Legal Impediments and Handicaps); The Staff (Staffing of the Districts; Police Stations; Prosecution Staff; Traffic Police; Armed Police; Security Police; Communications; Criminal Investigation Department (Crime Branch); Special Branch; Foreigners' Regional Registration Office; Old Delhi Police Lines; Commissioner's Headquarters Staff); Work and Efficiency (Working of the Police Station; Patrols, Beats and Outposts; Investigation of Cases; Prosecution of Cases; Supervision); Recruitment, Promotion and Training (Recruitment; Promotions; Police Training School; Institutional and Practical Training; In-Service Education Moral Training); Public Relations; (Public Relations; Corruption; Miscellaneous Items); Conclusion and Summary of Recommendations (Conclusion; Summary of Recommendations).

## RECOMMENDATIONS

### Pay And Dearness Allowance

We recommend a pay scale of Rs. 125-3-155-EB-4-175-5-180 for constables.

A pay scale of Rs. 150-4-170-EB 5-190-EB-5-210 for Head Constables.

A pay scale of Rs. 200-8-256-EB-8-280 for Assistant Sub-Inspectors.

A pay scale of Rs. 250-8-330-EB-10-370-EB-15-400 for Sub-Inspectors.

A pay scale of Rs. 400-25-600 for Inspectors.

### Special Pay And Other Allowances

We recommend a special pay for different categories of staff in various branches.

Inspectors; Sub Inspectors; Assistant Sub-Inspectors; Head Constables; Constables; Stenographers should have the rank of Sub-Inspector and should be given the pay of that Rank.

A Uniform Maintenance Allowance at the Rate of Rs. 4 per mensem for Constables, Head Constables and Assistant Sub-Inspectors and Rs. 5 per mensem for Sub-Inspectors and Inspectors.

## Housing

Immediate steps should be taken to provide family accommodation to 100 per cent members of the police force.

Until such time as Government is able to provide family accommodation, members of the police force should either be given requisitioned family quarters or they should be reimbursed the actual house rent paid on production of a certificate from the Superintendent of Police.

Their quarters must be within the jurisdiction of the police station to which they are attached.

Head Constables, Assistant Sub-Inspectors or Inspectors should not stay in the same barracks as Constables.

Better sanitary and lighting arrangements should be made.

A Constable's living quarter must consist of two rooms, a kitchen and a bath-room. The lavatory facility must be provided individually as a part of each quarter.

There should be a provision for an iron bed cot measuring 6' x 3'. There should be a steel-box 30" long for each constable. There should also be provision for mosquito nets, wall pegs and shelves.

## Medical Facilities

The Government must provide adequate facilities for medical treatment of wives and children of policemen for maternity and child-birth cases.

All policemen in Delhi and the dependent members of their families should be enrolled in the C.G.H.S. dispensaries and should get the same facilities which are given to other Government servants.

A Central Hospital, well-equipped, well-staffed, properly constructed and adequately furnished, should be set up for the Police.

The Central Police Hospital should have all specialist facilities including an X-Ray apparatus.

Det in the police hospital should be free.

A police doctor who may be a General Duty Medical Officer Grade I, with training in pathology should be appointed in each medical institution for carrying out post-mortem examinations for the police.

## Educational Facilities

Children of Constables, Head Constables and Assistant Sub-Inspector should get a uniform grant of Rs. 50 per child and a lump sum grant for purchase of books upto Rs. 30 per child reading upto Class II and upto Rs. 50 per child above that standard.

Children of all policemen below the rank of Deputy Commissioner of Police should get free schooling in Government schools.

Scholarships should be given to children of police officers below the rank of Deputy Commissioner of Police for college education.

### **Welfare And Amenities**

It is essential to pay attention to the welfare of the men and of the members of their families and to provide them with various amenities in order to maintain a high standard of discipline in an organised force.

The Government of India should make an outright grant of Rs. 5 lakhs to the Commissioner of Police, Delhi, who will place the amount in fixed deposits in the State Bank. The interest earned on this amount will augment the sum of money available every year for expenditure from the benevolent fund. The interest accruing from the Regimental Fund already in existence should be utilised properly for providing amenities to the police.

Loan facilities should be extended to all members of the Delhi Police irrespective of their rank. Loans may be sanctioned by a small Sub-committee of the Commissioner's Committee.

Canteens must be established at all police posts where more than 25 people are employed.

A ration store should be opened at every police station where the staff exceeds 100. The ration store will be open to members of the families of policemen.

There should be a recreation room in each police post employing approximately 100 men.

Wherever possible play grounds should be provided for policemen's children.

Cultural activities in the form of music, dramas etc., for the families of policemen should be organised regularly and as often as practicable.

### **Commissioner Of Police**

The Commissioner of Police system should be introduced in Delhi.

### **Administrative Control**

Law and order may continue to be a reserved subject and it should be administered by the Lieutenant Governor in his direction; but the Executive Council and the Metropolitan Council should have the right to discuss it and ask questions about it.

The separation of the judiciary and the executive should be implemented at a very early date.

### **District Police Administration**

We recommend the following staff for Police Stations: Assistant Commissioner of Police; Inspector; Sub-Inspector; Assistant Sub-Inspector; Head Constable; Constable.

There has been a large increase in population in

Delhi that a re-organisation of the police districts is urgently called for and the division of districts into police stations has to be placed on a more rational and viable basis.

It is necessary to delegate to the Deputy Commissioner of Police an adequate amount of controlling and supervisory authority so as to enable him to function as the effective administrative and executive head of the district and to exercise the full measure of disciplinary control permitted by the Police Rules. He should be given full office staff to carry on his administrative duties.

The Crime Branch must deal with Delhi as a whole; indeed not only Delhi, but the areas surrounding Delhi.

Traffic staff should also be dealt with centrally. There should, however, be very close liaison between the traffic staff and the police station staff.

V.I.P. security work is another branch which should be centrally controlled.

Foreigners' Registration work is also best done centrally.

### **Legal Impediments And Handicaps**

Sections 25 and 26 of the Indian Evidence Act should be so amended that confessions made to Inspectors of Police can be admitted in evidence at the subsequent trial.

The confession, however, must be recorded in the presence of two respectable witnesses and must be signed by the accused if he is literate and must be as far as possible in his own words.

The word "truly" should be inserted after the words "such person shall be bound to answer" in Sub-Section (2) of Section 161 of the Criminal Procedure Code.

Section 162 of the Criminal Procedure Code should be amended to authorise a police officer to obtain the signature of a witness upon the record of his statement made during the investigation of a case, provided the witness can read it.

Section 167 of the Criminal Procedure Code should be amended so that a remand for a total period of two months subject to a maximum of 15 days at a time can be made.

### **Staffing of Districts**

We recommend a supervisory staff consisting of; 1 Deputy Commissioner, 1 Additional Deputy Commissioner, 1 Assistant Commissioner, 2 Sub-Inspectors and 8 Constables for each district except the South District which should have 1 Deputy Commissioner, 2 Assistant Commissioners, 1 Sub-Inspector and 7 Constables.

The Sub-divisional staff required for the four districts together adds upto 16 Assistant Commissioners

four District Headquarters, the Armed Police Lines, the Old Police Lines, Security Police, Traffic Police Headquarters, Rashtrapati Bhavan and each of the sixteen Police Stations where sub-divisional headquarters are located.

Patrol cars of gazetted officers in traffic police and mobile patrol cars should be linked with the Control Room and so will be the five Security Mobile Units.

As Security Vehicles should have modern wireless sets linked with the headquarters of the Deputy Commissioner or Police (Security) and through it, reaching out to the control where necessary. The gazetted officers of the Security Branch should be provided with man-pack sets.

#### **Criminal Investigation Department (Crime Branch)**

The Criminal Investigation Department should draft officers who have special aptitude and intimate knowledge of investigation and who have successfully, held charge of Police Stations or have investigated a large variety of cases in Police Stations. It should be to collect, collate and disseminate information about professional crime, study and analyse the general incidence, distribution, pattern and trend of crime in Delhi and investigate or assist in the investigation of selected offences.

The Criminal Record Office or the Modus Operandi Bureau should be so organised that it serves as a store house of all useful information.

Investigation squads should be divided into the following groups :

- (i) Homicide, Kidnapping and Abduction;
- (ii) Dacoity, Robbery, Burglary and Ordinary thefts;
- (iii) Thefts of Automobiles;
- (iv) Cheating;
- (v) Forgery and Counterfeiting;
- (vi) Criminal Breach of Trust and Criminal Misappropriation, including Chit Funds;
- (vii) Smuggling and Prohibition;
- (viii) Social Defence;
- (ix) Juvenile Aid;

There should be a Dog Unit with a maximum number of 8 dogs. This unit should have 1 Sub Inspector incharge and 8 Constable handlers.

#### **Special Branch**

There is need to reorganise the Special Branch completely.

The Special Branch should be staffed with highly educated, intelligent and liberal minded men who have the ability to make good contacts.

#### **Foreigners' Regional Registration Office**

The Foreigners' Regional Registration Office should

adopt a 12 hour shift instead of the present 8 hour shift. Two free days should be given to the staff by way of compensation.

Registration of Pakistanis should be done by the main Special Branch.

#### **Old Delhi Police Lines**

There should be a Deputy Commissioner with his head-quarters in the Old Police Lines to deal with the following subjects :

- (i) Railway Police;
- (ii) Mounted Police;
- (iii) Women Police;
- (iv) Welfare Officer;
- (v) The Store Agency;
- (vi) Motor Transport;
- (vii) Central Room and Mobile Patrols;
- (viii) Police Hospital; and
- (ix) Any other unclassified groups or reserves.

A drastic reduction should be made in the Mounted Police of Delhi. No increase in its strength should be made, and no replacement provided.

A 14 per cent reserve is recommended for giving one day off in the week to officers of the rank of Assistant Sub-Inspectors, Head Constable and Constables at all duty posts where holidays or Sundays are not closed days.

The contingency leave reserve at the rate of 12 per cent for all ranks below Assistant Commissioners should be provided.

#### **Commissioner's Headquarters Staff**

The Commissioner of Police should have an Additional Commissioner and a Deputy Commissioner at headquarters. He should also have at headquarters an Educational Adviser, A Financial Adviser, A Legal Adviser, A Vigilance Officer and A Public Relations Officer.

There should be a press room in the Office of the Commissioner of Police where pressmen can collect and wait before a press conference starts or when they come to meet any officer in this Department.

It is essential that the Public Relations Department is set up immediately to project a correct image of the police before the public.

#### **Working Of The Police Station**

The officer-in-charge of a police station should be an Inspector whose post should be made a gazetted post. There should be a second officer in all urban police stations. His powers and functions should be the same as those of the Officer-in-charge and he should act as such when the latter is absent.

The patrol staff should always be the first to arrive at

the scene of crime and should take steps to preserve the evidence, arrest the offender, keep the witness available, remove the seriously injured to the hospital and make preliminary examination. The best staff should help the Investigating Officer in making a good start.

All police work must be based on the foundation of a good patrol system.

Suitable accommodation should be provided for keeping seized objects in safe custody.

The feeding charges for a prisoner should be raised from 30 paise to one rupee per meal.

The Station Diary should be submitted to the Officer-in-charge every two hours. He should make an entry to indicate that he has seen it.

The Moharrior or a Head Constable should not record the First Information Report. It should be recorded either by the officer-in charge himself or, under his direction, by a Sub-Inspector of the Investigating branch at the police station in the presence of the Officer-in-charge, as far as possible.

First Information Reports should be despatched once a day to the office of the Deputy Commissioner of Police, to the Criminal Investigation Department and to the Magistrate's court simultaneously.

Copies of First Information Reports should be sent to the Courts also daily.

Register No. 9 maintained by police stations is obsolete and it should be replaced by a more modern crime directory.

### Patrols, Beats And Outposts

Every police administration should put the largest number of uniformed policemen on the streets at all times, and particularly during the hours of crowding or when crimes are more likely to be committed.

The number of policemen being limited, a judicious plan should be prepared and a balance struck between the number than can be spared for patrolling and the number required for other essential duties.

Patrols on foot, on cycle, motor car is essential and must be retained.

The disc system of patrol should be worked properly and the Deputy Commissioner or the Assistant Commissioner of Police should see that it is implemented conscientiously.

Beat system should be introduced as a means of achieving better police-community relations and more effective prevention and detection of crime.

### Investigation Of Cases

In the interest of crime administration and prevention and detection of crime, every cognizable crime reported at the Police Station should be registered.

Case diaries must be recorded promptly by every

Investigating Officer and the provisions of Section 172(1) of the Code of Criminal Procedure should be strictly complied with.

Undue delay in putting up cases before the Magistrate while the accused is in detention should be avoided.

Medico-legal reports should not be delayed.

The officer-in-charge should ensure that the fingerprints of culprits convicted in offences against property have been taken and sent to the Finger-print Bureau.

### Prosecution Of Cases

The judiciary should be separated from the executive to ensure quicker disposal of cases.

The number of whole-time judicial Magistrates should be fixed according to work load.

The strength of the prosecution agency should be so fixed that one whole-time Prosecutor is available for each whole-time court.

The prosecuting agency should be separated from the police cadre, though it may remain under the police department.

The prosecution staff should keep vigilant watch on a case from the time of the First Information Report is received till the case is finally disposed of by the Magistrate.

A separate sub-jail should be set up near Tis Hazari to accommodate under trial prisoners.

### Supervision

The work of every policeman should be constantly supervised and his performance should be reviewed at all ranks by his superiors.

The Officer in-charge of a police station is directly responsible for every aspect of work in his jurisdiction.

The Deputy Commissioner of Police should act as the main Supervising Officer of all police work in a district.

The Commissioner of Police should inspect the headquarters of each district once in two years. The Crime Branch, the Special Branch and the Communications Branch should be inspected once in a year.

### Recruitment

Recruitment should be at three levels : (i) Constable, (ii) Sub-Inspector, and (iii) Deputy Superintendent of Police/Assistant Superintendent of Police.

Recruitment to the police in Delhi should not be confined to the residents of the Union Territory of Delhi alone and efforts should be made to get recruits from all States of India.

In order to test the standard of learning and intelligence of the recruits, test papers should be prepared by

the Commissioner of Police with the help of the Union Public Service Commission.

An oral test should also be conducted.

The method of the Intelligence Bureau for screening candidates should be adopted.

The minimum and the maximum age of recruitment in the rank of Constable should be 18 and 21 respectively.

The age of recruitment for the post of Sub-Inspector should be between 21 and 24 years.

### Promotions

Promotion should be on merit alone based on the Constables record of service and written and field tests. But Constables who have put in more than 15 years of service should also be considered for promotion. The proportion of promotion by merit to promotion by seniority-cum-fitness should be 3 : 1.

A Head Constable must have completed three years' regular service in the grade to be eligible for promotion to the rank of Assistant Sub-Inspector.

An Assistant Sub-Inspector with three Years' service in the grade should be eligible for promotion to the rank of Sub-Inspector.

Fifty per cent of the posts of Sub-Inspectors should be open for promotion from the rank of Assistant Sub-Inspectors.

A directly recruited Sub-Inspector should be eligible for promotion as Inspector, 8 years after the date of recruitment. A promoted Sub-Inspector should be eligible for promotion after five years.

Seventy-five per cent posts of Assistant Commissioners of Police should be filled by promotion from the rank of Inspectors and 25 per cent by direct recruitment.

For promotion to every higher rank honesty must be made the most important qualification.

### Police Training School

The Delhi Police should immediately have its own school for training 600 Constables every year in batches of 300 recruits at a time. The syllabus and curriculum should be suitably devised to meet the needs of an educated urban Police force. The initial six months' training at the school should be followed by six months' practical training in different fields of Police work.

There should be greater emphasis upon education, general knowledge and knowledge of general administration than upon drill and physical training.

The syllabus for Constables should be divided into 5 parts as follows :

- A. Philosophy of Police;
- B. Administration;
- C. Law;

D. Police Manual;

E. Constables' Duties.

The schools should have a shooting range nearby for musketry practice.

The indoor training of Head Constables should follow the same pattern as the Constables' course as far as Part A and B are concerned. They should, in addition, be taught examples of police work in advanced countries.

### Industrial And Practical Training

Till the Delhi Police develops training courses of its own, the following categories of officers may continue to be trained at the Police Training College, Phillaur :

(i) Head Constables selected for promotion to the rank of Assistant Sub-Inspector;

(ii) Assistant Sub-Inspectors selected for promotion to the rank of Sub-Inspector;

(iii) Sub-Inspector Cadets.

A central school should be established as early as possible as a part of the Central Forensic Institute for training police officers in handling cases of juvenile delinquency.

### In-Service Education

A system of "In-service education" should be encouraged, planned and organised to enable policeman of all ranks to pursue studies in their leisure time and improve their educational and intellectual standards.

### Moral Training

A policeman must learn to resist temptations and to stand firm when subjected to political vindictiveness. Moral training, if properly planned and properly executed, will give him the necessary frame of mind and strengthen his capacity for resisting temptation.

Eminent persons may be invited to give discourses on ethics and correct conduct.

### Public Relations

The public must be given a sense of participation in the work of law enforcement. Constructive suggestions for better law enforcement should be welcomed by the police.

It is necessary to set up Advisory Committees at the level of the Commissioner of Police, the Deputy Commissioner and the police station to foster better relations between the police and the public.

The setting up of a properly chosen advisory committee at the level of the police station should be the first step in this direction.

Exhibitions should be held to educate the public



about work done by the police. The public should be encouraged to visit the police headquarters and police stations.

Senior officers should be accessible to the public. Regular hours should be fixed by every Deputy Commissioner of Police in his office when anybody can meet him.

#### Corruption

Policemen must be given a living wage and should be provided with the amenities of housing and medical aid, children's education and other welfare measures indicated in the course of the report if they are expected to remain on the path of rectitude.

There must be a stricter supervision by the higher officials who must keep a constant watch on the working of the men under them and an inquiry must be instituted upon the slightest suspicion if it is of a reasonable character.

The higher officers of the department should make it a code of their conduct to resist all kinds of unlawful interference and to see that their subordinates also do not permit themselves to be influenced by this kind of pressure.

A greater measure of vigilance should be exercised by superior officers on particularly rick sources of corruption like smuggling of foodgrains and contraband commodities, across customs or octroi barriers, illicit distillation, breaches of prohibition law, encroachments upon streets and public places, gambling, satta etc. Strict action should be taken by superior officers against policemen who are found to be negligent in the performance of their duties.

#### Miscellaneous Items

The police uniform should conform to the type of work performed, the climate, the type of which the wearer is used and several other factors.

The number of issues of uniform as well as the frequency of change should be increased.

The Police force should not resort to strikes as a weapon of negotiation with Government nor should they have trade union rights. They should, however, be conceded a machinery for representing their grievances to the head of the police and through him to government, if necessary. The present rules are adequate for the purpose. The machinery should, however, be used in a disciplined and constructive way.

## INQUIRY INTO THE DERAILMENT OF SP/987 UP "MILITARY SPECIAL" BETWEEN SIVOK AND PILANSHAT STATIONS, (NORTH EAST FRONTIER RAILWAY), ON NOVEMBER, 1966—REPORT

Delhi, Manager of Publications, 1968. 26p.

One Man Commission : Shri H.S. Hart.

#### APPOINTMENT

The Commission was constituted under the Ministry of Tourism and Civil Aviation (Commission of Railway Safety) in accordance with Rule 10 of the Railway Board's Notification No. 59-TTV/42/1 dated the April 11, 1966 on November 11, 1966.

#### TERMS OF REFERENCE

To inquire into the derailment of SP/987 Up "Military Special" between Sivok and Pilanshat Stations on the Siliguri-Gauhati Metre Gauge Main Line of the

North East Frontier Railway on the morning of the November 11, 1966.

#### CONTENTS

Summary ; Inspection and inquiry ; Preamble (Brief Description of the Accident ; Casualties ; Composition of the Train ; Damage and Disposition of the Vehicles ; Number of Passengers ; Weather Conditions) ; Relief Measures (First Aid and Medical Assistance ; Restoration of Communications) ; Local Conditions (Description of the Site ; Permissible Speeds) ; Summary of Evidence ; Observations (The Engine YDM 4 No. 6037 ; The derailed Coaches ; The Track) ; Discussion (Speed of

the Train ; Time of the Accident ; The Unscheduled Stop at Sivok ; Cause of the Accident ; The Tools Found in the Grass at KM. 395/12-13 ; Interruption to the Control and Administrative Trunk Lines ; Responsibility of the Driver of the Train for not Averting the Accident) ; Conclusions ; Annexure I.

### Conclusions

From the evidence available I have come to the following conclusions—

(a) The derailment of SP/987 Up “Military Special” was brought about as a result of a deliberate act of Sabotage, the engine and the first 6 coaches behind it having derailed at a rail joint to the left which had been opened out by some unknown persons before the train’s approach ;

(b) The Driver of the train cannot be held in any way responsible for not having averted the derailment ;

(c) The relief measures were satisfactory.

## NATIONAL COMMISS ON ON LABOUR, 1966—REPORT

Delhi, Manager of Publications, 1969. 503—A 178p.

**Chairman :** Shri P.B. Gajendragadkar.

**Members :** Shri Naval H. Tata ; Shri N.K. Jalan died and (replaced by Shri D C. Kothari) ; Shri G.D Khandelwal (replaced by Shri B.C. Ganguli) ; Shri S.A. Dange (resigned) ; Dr. B.N. Ganguli (Resigned) ; Shri S.R. Vasavada ; Shri P.R. Ramakrishnan ; Shri G. Ramanujam ; Shri Raja Ram Shastri ; Shri R.K. Malviya ; Dr. Baljit Singh ; Shri Bharat Ram ; Shri Ramanand Das ; Shri Manohar Kotwal.

**Member-Secretary :** Shri B.N. Datar.

### APPOINTMENT

The National Commission on Labour was constituted by the Government of India, Ministry of Labour Employment and Rehabilitation (Department of Labour and Employment) Vide its Resolution No. 36/14/66-I & E., dated December 24, 1966.

### TERMS OF REFERENCE

(1) To review the changes in conditions of labour since independence and to report on existing conditions of labour ;

(2) To review the existing legislative and other provisions intended to protect the interest of labour, to assess their working and to advise how far these provisions serve to implement the Directive Principles of State Policy in the constitution on labour matters and the national objectives of establishing a socialist society and achieving planned economic development.

(3) To study and report in particular on :

(i) The levels of worker’s earnings, the provisions relating to wages, the need for fixation of minimum wages including a national minimum wage, the means of increasing productivity, including the provisions of incentives to workers ;

(ii) the standard of living and the health efficiency, safety, welfare, housing, training and education of workers and the existing arrangements for administration of Labour Welfare—both at the Centre and in the States ;

(iii) the existing arrangements for social security ;

(iv) the State of relations between employers and workers and the role of trade unions and employer’s organisations in promoting healthy industrial relations and the interests of the nation.

(v) the labour laws and voluntary arrangements like the Code of Discipline, Joint Management Councils, Voluntary Arbitration and Wage Boards and the Machinery at the Centre and in the States for their enforcement ;

(vi) To measures for improving conditions of rural labour and other categories of unorganised labour ; and

(vii) To existing arrangements for labour intelligence and research.

(4) To make Recommendations on the above matters.

**Note:—**For the purpose of the Commission’s work the term ‘labour’ and ‘worker’ will include in addition to rural labour, all employees covered by the Industrial Disputes Act, 1947.

### CONTENTS

Main Conclusions and recommendations ; Introduc-

tion ; Framework of Indian Society ; Economic Trends since Independence ; Indian Worker—Adaptation to Change ; Perspective for Development ; Our Approach ; Recruitment—Agencies and Practices ; Training, Induction and Worker's Education ; Working Conditions ; Labour Welfare I ; Labour Welfare II ; Housing ; Social Security ; Wages and Earnings—A factual Review ; Wage Policy—Assessment and Issues ; Minimum Wage ; Incentives and Bonus ; Rationalisation and Automation ; Machinery for Wage Fixation/Protection ; Workers Organisations ; Employers' Organisations ; State and Industrial Relations ; Industrial Relations-I ; Industrial Relations-II ; Labour in Public Sector ; Government (Industrial) Employees ; Employment of Women and Children ; Agricultural Labour ; Unorganised Labour ; Labour Administration ; Labour Statistics, Research and Intelligence ; India and ILO ; Legislative Amendments ; Acknowledgements, Minute of Dissent ; Explanatory Note ; Appendices 1 to 58 ; Index.

## RECOMMENDATIONS

### Indian Worker—Adaptation To Change

Over the last twenty years, the trend towards stabilisation of industrial labour has strengthened. A worker today is far more urban in taste and outlook than his predecessor. The idyllic notion of a "village nexus" has receded to the background.

A vast majority of the workers in cities is committed to factory employment. In older industries a second or even third generation of workers has emerged. A self-generating working class with its roots in the industrial environment in which a worker is born and bred is growing in strength.

The industrial worker of today has acquired a dignity not known to his predecessor. He has now a personality of his own. He shares the benefits, albeit meagre, which a welfare state with a vast population and inadequate resources can at present offer.

With the changing industrial landscape, growth of new industrial townships and dispersal of activity, a process of industrial 'culturisation' of working class has set in.

The process of urbanisation has led to difficulties in four areas : (a) housing, (b) transport, (c) civic amenities and (d) distribution controls, all these having affected workers' attitudes.

A worker is now conscious that education is essential for improved earnings. He is keen about self-education at adult literacy centres. He is even more keen about the education of his children and their future. The role of political parties and trade unions in making workers aware about their surroundings has been significant.

The handling of labour-management relations is

getting increasingly professionalised, though such professional handling by itself is not adequate.

Disputes between employers and workers have been taking a legalistic turn, mainly because of the emphasis on adjudication through industrial tribunals and courts. Litigious attitude on the part of both employers and workers creates situations in which the employers gain because implementation of awards is sometimes postponed, and lose because the unsettled issues pending before tribunals/courts also unsettle workers and introduce inhibitions in improving production.

With rapid growth of small industries and the difficulty in organising labour, many unfair labour practices to the disadvantage of labour have thrived.

Over the years, the profile of agricultural labour has perceptibly changed. He is politically conscious. His aspirations are higher than before ; he is responsive to the opportunities for change and development. Attachment to land and the rural way of life, so common with the village elders, do not hold the same fascination for the village youth. There is some restlessness, among those who aspire to migrate, about the slow pace of development of non-agricultural work.

### Recruitment-Agencies And Practices

Recruitment Methods : On the whole, impersonal methods of recruitment are gradually gaining ground in the organised sector. Recruitment through contractors still operates, though on a reduced scale, in mines and plantations. The exploitative character of such agencies of supply is on the decline because of the spread of awareness among those seeking employment.

1. (a) Over the last twenty years, the National Employment Service has played a useful role in bringing together employers and work-seekers ; (b) With the development of related programmes like collection and dissemination of employment market information, employment counselling and vocational guidance, occupational and job research, and preparation and application of aptitude tests, the National Employment Service has developed into a multi-functional placement agency ; (c) The National Employment Service should be extended in a phased manner over the next ten years to all towns with a labour force of ten thousand and more so that rural workers may take increasing advantage of this service

2. (a) The National Employment Service has to be a free and voluntary organisation. Employers should not be required to pay for the assistance given to them in the matter of recruitment. Expenditure on items of work which are an integral part of the Service should be a charge on Government ; (b) Every effort should be made to abolish the operation of unauthorised agencies in recruiting labour from eastern U.P. for mines in

West Bengal, Bihar, Orissa, Andhra Pradesh and Madhya Pradesh.

**Employment Service Administration :** Uniform standards, policies and procedures will be needed in all States to enable the National Employment Service to work as a well-knit and coordinated organisation throughout the country. Programmes for (i) occupational research, (ii) vocational guidance and employment market information, (iii) special surveys; and (iv) forecasting of manpower supply and demand, studies and should be speeded up.

The National Employment Service has to be strengthened to help efficient utilisation of manpower and particularly critical skills required for planned economic growth. The national character of the service should be fostered and strengthened for this purpose.

Provision of gainful employment to physically handicapped/disabled persons should form part of an enlightened social policy. To the extent possible, employers should accept it as a matter of industrial ethics to rehabilitate persons disabled because of industrial accidents. Rehabilitation Homes for the physically handicapped should be provided jointly by employers and Government.

**"Sons of the Soil" :** A solution to the problem of "sons of the soil" has to be sought in terms of the primacy of common citizenship, geographic mobility and economic feasibility of locating industrial units on the one hand and local aspirations on the other.

Young persons from families whose lands are acquired for industrial use should be provided training opportunities for employments likely to be created in new units set up on these lands.

To remove unjustified apprehension among local candidates, the following steps should be taken to supervise implementation of the directive of the Government of India on recruitment in public sector projects :

(i) While recruiting unskilled employes, first preference should be given to persons displaced from the areas acquired for the project ; next should be preferred those who have been living within the same vicinity.

(ii) Selection of persons to posts in lower scales should not be left entirely to the head of the unit. It should be through a recruitment committee with a nominee of the Government of the State within which the unit is located as a member of the Committee.

(iii) In the case of middle-level technicians where recruitment has to be on an All-India basis, a member of the State Public Service Commission should be associated in making selection in addition to the State Government Official on the Board of Directors.

(iv) Apart from the report sent to the concerned Ministry at the Centre, the undertaking should send a statement to the State Government at regular intervals,

preferably every quarter, about the latest employment and recruitment position.

The steps recommended above should apply equally to recruitment in the private sector, though the mechanism to regulate recruitment in the private sector will necessarily differ from that in the public sector.

### **Training, Induction And Workers' Education**

**Training :** (a) The Training and Employment Organisations in the State should be under the State Labour Department ; (b) There should be uniform minimum qualifications and comparable enhancement prospects for instructional staff and uniform vocational standards of training in all States ; (c) A sustained publicity of the programmes and achievements of the employment and training services should be organised in order to convey their full importance to employers/trainees and the public.

(a) Both shortages and surpluses reflected in the employment exchange statistics are somewhat unreal in certain trades/areas. Where shortages are reported, the employer does not necessarily accept a trained worker; a reported surplus is, at times, due to lack of inclination on the part of a trained worker to move out ; (b) The National Classification of Occupations of the Directorate-General of Employment and Training should be put on a basis which will help a better assessment of supply from training institutes and demand from employers ; (c) A closer liaison than at present between employers' organisations and persons who represent them on trade committees of the National Council for Training in Vocational Trades is required to make technical training need-based

The main burden of training of workers should necessarily fall upon industry. The States should supplement rather than supplant the activities of employer in this manner. It should step in only in such fields and areas where employers cannot undertake training programmes. The State Apprenticeship Adviser should be appointed as the Authority for registering the training schemes organised by employers.

Introduction of new machines renders traditional skills obsolete and possibly creates shortages in new ones. Facilities should be provided by the plant authority for retraining of employes. A system of granting study leave to a worker to equip himself for senior levels of responsibility should be introduced ; this will facilitate internal promotion and make for better industrial relations.

**Induction :** It will add to the satisfaction of a new worker if relevant facts about his place of work, management and its policies are communicated to him through the management itself.

**Promotion :** (a) Where promotions are not based

on known standards, the management should evolve a promotion policy in consultation with the recognised union where it exists ; (b) As a general rule, particularly among the operative and clerical categories in the lower rungs, seniority should be the basis for promotion. In respect of middle-management, technical, supervisory and administrative personnel, seniority-cum-merit should be the criterion. For higher managerial, technical and administrative positions, merit alone should be the guiding factor.

**Workers' Education :** (a) The present scheme of workers' education, like any other scheme, is not altogether perfect and there is need for improving and strengthening it; (b) The programme for production of literature by the Central Board of Workers' Education should be not only intensified but improved ; (c) As an aid to the workers' education programme adult literacy programme for eradicating illiteracy among workers.

(a) The Central Board of Worker's Education should, early as possible allow the programme of Workers' Education to be formulated and implemented by trade union ; (b) For this purpose, current procedure and rule for giving aid to unions for Workers, Education should be simplified and adapted the structure and needs of unions consistent with accountability of public funds, (c) Employers should cooperate with unions by giving workers such facilities as are made available by them for the programme under the Board.

National trade union centres should draw up a suitable programme for union officials and union organisers in collaboration with universities and research institutions. It should cover practical field work and education in the fundamentals of trade unionism, industrial relations, labour laws and evolution of the country's economy. The Government should encourage universities to provide extension courses for the benefit of union leaders and organisers.

(a) The Board of Governors of the Central Board of Workers' Education should be presided over by a nominee of the trade unions. The Director of the Scheme should also be a trade union nominee. (b) The Central Board should have on it a representative of the public sector ; in granting this representation, the present arrangement by which the largest single representation on the Board is ensured for workers should not be disturbed ; (c) Subject to the changes in the constitution constructions of the Board as proposed, the Board should be put on a continuing basis in respect of its tenure.

#### Working Conditions

**Safety :** (a) Statutory provisions about safety and safety equipment are adequate. Effective enforcement is what is needed ; (b) A safety officer should be ap-

pointed in all factories employing 1,000 or more workers or where the manufacturing process involves special industrial hazards ; (c) A standing committee consisting of users of machines, machine manufacturers and safety experts should be set up to introduce built-in safety features at the stage of manufacture of equipment and machinery ; (d) States which have not yet formed safety councils or introduced safety awards should do so. Safety councils should be set up for all major industries and for those involving hazardous occupations.

Employers' organisations and trade unions should take more interest in safety promotion. Safety Committees should be set up in every factory employing 100 or more workers. The factory inspectorate should advise assist employers in drawing up induction and training programme in safety. The training programme should cover managerial personnel, supervisors and workers. Periodic training courses in accident prevention designed for safety officers, supervisors and middle management should be organised by the factory inspectorates.

The workers should be compensated for loss of wages suffered by them during closures of mines on account of violation of safety standards.

A fully qualified Safety Officer should be appointed at each port. The Dock Workers, (Safety, Health and Welfare) Scheme, 1961 and the Indian Dock Labourers' Regulations, 1948 should be merged into one enactment covering all workers.

**Inspectorate :** (a) The frequency of inspection of factories has not been adequate. About a fifth of the units go uninspected, (b) The 'norm' of 150 factories per inspector for determining the strength of the inspectorate should be re-examined, (c) The factory inspectorate requires diversification with staff drawn from different academic disciplines. For routine functions and follow-up, it should be possible to use persons with non-engineering qualifications, (d) The inspection and registration fees should be fully used by the State Governments for expanding the inspectorate and making it more efficient.

**Hours of Work :** (a) The current requirement of the economy do not permit immediate reduction in working hours. As conditions improve, working hours should be brought down to 40 a week but in two stages ; in the first they should be brought down to 45. (b) Working hours during the night shift should be reduced. A credit of ten minutes should be given for each hour of work in the night shift. Six hours' work should thus entitle a worker to extra payment for one hour, (c) It is not necessary to relax restrictions on the duration or nature of overtime work.

The Plantations Labour Act, 1951 should be amended to reduce the prescribed hours of work from 54 to 48.

The Railway Administration should examine once in five years all cases of classification of railway servants under the Hours of Employment Rules in Railways.

**Holidays :** Uniformity in the number of paid national and festival holidays is desirable. Every employee should be allowed in a calendar year 3 national and 5 festival holidays.

The penal provisions should be made stringent so that their deterrent effect is felt. Serious offences should be made cognizable.

### Labour Welfare

The concept of labour welfare is dynamic ; its content will be different from region to region even within a country.

Contract labour should be entitled to use the welfare facilities which are meant for direct workers under the existing legislation. The standard of facilities for direct workers should not suffer on this account.

Inspection of welfare aspects of the law does not require any technical knowledge or engineering qualifications. This can be best handled with the assistance of the recognised union or with the help of a worker's committee where it operates.

**Welfare Officers :** The welfare officer has to be a maintenance engineer on the human side ; he does not have job satisfaction at present, since welfare is not accorded adequate importance in an industrial unit. His presence is treated more as a statutory requirement to be tolerated. The officer should not be made to handle, on behalf of management, disputes between management and workers

**Creches :** (a) The standard of creches in a majority of factories and mines needs to be improved ; (b) The limit of 50 women workers, which makes the provision of creche obligatory in factories and plantations, should be brought down. The limit should be prescribed taking into account local considerations or on the basis of 20 eligible children of working mothers who are to avail of this facility. Children of women workers employed by contractors should also be covered by this facility.

**Canteens :** (a) Even after years of development, canteen and rest shelters have not received adequate attention from management ; (b) The present employment limit for making the employer set up a canteen compulsorily should be brought down to 200 in units where there is an established demand for a canteen from a majority of workers ; (c) It should be automatically obligatory on the employer to provide a canteen whenever the employment exceeds the prescribed limit. The need for notifying the establishment should be done away with ; (d) Establishments which operate over a wide area should consider the running of a mobile canteen ; (e) Canteens should provide at least one balanced

meal a day.

(a) Workers should preferably run the canteens themselves on a cooperative basis. In any case, they should be associated with canteen management, (b) Wherever canteens are run on a cooperative basis, employers should give subsidies in the shape of free accommodation, fuel and light, utensils and furniture.

Habitual non-compliance with statutory provisions regarding sanitation, first-aid boxes, washing and bathing facilities, facilities for storing and drying clothes, rest shelters, drinking water and seating facilities should attract penalties.

**Factories :** (a) Effective steps should be taken for periodic medical examination of factory workers so that timely diagnosis and treatment of occupational diseases will be possible. This should be a charge on the employer ; in respect of non-occupational diseases, medical examination and treatment should be the responsibility of the Employees' State Insurance Corporation ; (b) Standards of schooling facilities available in the welfare centres run by Government should be improved and new schools set up. Employers should provide scholarships to deserving children of their workers.

**Mines :** (a) A General Mines' Welfare Fund should be created to undertake welfare activities in medical, educational and recreational fields in respect of workers in all mines ; (b) Finances for the Fund should be arranged by the levy of a cess based on the prices which the minerals fetch ; (c) What has been said in (d) above should not delay the setting up of welfare funds for certain minerals, the proposals for which are under examination of Government.

Periodic medical check-up of coal miners should be a part of the activity of the Coal Mines Labour Welfare Fund. Funds should be allotted more liberally for acquiring essential apparatus for detecting and curing diseases.

There should be no discrimination in welfare facilities between persons recruited through the Gorakhpur Labour Organisation and those selected locally. Also, workers recruited through the GLO should have all the privileges which workers selected through other agencies have.

**Plantations :** (a) The Plantations Labour Act, 1951 should be extended in a phased manner to cover as many plantations as possible ; (b) Disparities exist, even within the same region, in the standard of medical facilities to plantation workers, (c) Even where detailed rules under the Plantations Labour Act, 1951 have been laid down, non-observance of the rules is a matter of complaint ; (d) To ensure that hospitals in plantation areas are properly equipped and disparities in standards of medical facilities are reduced, the State Governments should prescribe a list of drugs, medicines and equip-

ment for the hospitals; (e) Suitable arrangements need to be made for detection and treatment of occupational diseases among plantation workers; (f) Priority should also be given to family planning programmes; (g) State Governments should ensure that facilities for education of children of plantation workers are provided by the employers.

**Ports and Docks :** (a) Welfare facilities provided under the Dock Workers' (Safety, Health and Welfare) Scheme, 1961 should be strictly enforced by the Port Authorities and the Dock Labour Boards. These facilities should be extended to casual and contract workers, (b) Welfare activities undertaken by the Port Trust Employees' Welfare Fund should also be extended to cover casual and contract workers, (c) Sufficient financial powers should be delegated to the management of canteens in Ports and Docks to ensure their smooth running, (d) Canteen facilities should be provided by the Port Authorities and Dock Labour Boards to night shift workers and workers who have to perform duties mid-stream, (e) Launches should be provided to port workers who are required to work mid-stream, (f) Port authorities and Dock Labour Boards should either open schools or arrange adequate transport for workers' children where schooling is not available within a convenient distance of the housing colony.

**Road Transport :** Government should persuade employers to provide jointly basic amenities to transport workers, such as canteens, and rest shelters, at places where their headquarters are located.

**Adult Education :** Special efforts are required to be taken by the State to remove illiteracy among workers in plantations and mines.

**Family Planning :** (a) While many employers voluntarily provide additional incentives to workers to promote family planning, there is need for other employers to follow this example; (b) Financial assistance provided under the schemes for promoting family planning should become available to hospitals run by the employers; (c) Employers' and workers' organisations doing family planning work should be eligible to receive direct assistance from the Government in the same manner as other voluntary organisations.

**Co-operative Stores/Credit Societies :** (a) Government should start Fair Price Shops. Setting up of cooperative shops should be encouraged. Accommodation should be given by the employer, (b) In the initial stages, employees should give financial assistance to Co-operative Credit Societies.

**Labour Welfare Boards :** (a) Constitution of tripartite and autonomous Statutory Labour Welfare Boards, as in some States, has resulted in efficient management of welfare centres and in workers taking adequate interest in the activities of such centres, (b) Similar

Boards should be set up elsewhere, (c) Trade unions doing approved welfare work should be given subsidies by the Board.

**Transport to and from the Place of Work :** (a) The State and the local bodies should improve the local transport services to enable the worker to reach his place of work in time; (b) Special transport services should be arranged for the convenience of night shift workers; (c) Working hours in different units situated in major industrial centres like Bombay and Calcutta should be suitably staggered to enable the State or the local body to provide transport services.

### Housing

Housing for industrial workers requires on the one hand the resources of the employer who wants to use them for more production and, on the other, the resources of the State where considerations of equity make it difficult for industrial housing to secure adequate priority. It is necessary, for progress in this matter, that Government should take the responsibility with assistance from employers. Also, higher priority should be given to housing in the country's plans.

**Provision of Land :** The State Governments and local authorities should undertake the responsibility for speedy development of land for housing and make it available in a large measure to approved construction agencies at economic cost. Effective coordination to control all land development, town planning and house building activities at the State level is necessary.

**Housing Boards :** (a) Housing Boards should be set up in States where they do not exist. The Central Government should continue to finance these Boards as at present, but on a much larger scale; (b) A Central Housing Board should also be set up to coordinate the activities of the State Boards; (c) All these Boards should be broad-based in their composition. They should represent a cross-section of the community, including labour; (d) Housing Boards should continue charging the rent at the present scale i.e., about 7-1/2 per cent of the cost but minus the subsidy; (e) The tenants in the tenements constructed by the Boards should be encouraged to buy over houses on hire-purchase system so that capital is recouped and becomes available for new construction.

**Housing Cooperatives :** The State should encourage the development of Co-operative Housing Societies among industrial workers. Both Government and the employers should advance loans to the cooperative societies or their members at concessional rate of interest.

**Urban Housing :** (a) The existing Subsidised Industrial Housing Schemes should continue, though its progress in the last fifteen years has not been satisfactory;



(b) Adequate fiscal and monetary incentives should be provided to employers to encourage them to build houses for their employees; (c) Incentives for workers' housing by employers should be so designed as to keep rents within a range of 10 per cent of the workers' earnings.

There should be no extension of the area of legal compulsion on employers in the matter of housing beyond what exists today. However, where legal compulsion already exists, as in the mining industry in Bihar and Orissa, similar compulsion should be extended to the same industry in other States also.

**Housing in Mines :** Housing activities of the Coal Mines Labour Welfare Fund Organisation may have to be supplemented by those of State Housing Boards or local bodies. The proposed General Miners' Welfare Fund should offer assistance to employers in the shape of subsidy for housing.

**Housing in Plantations :** The Plantations Labour Act, 1951 should be amended suitably so as to provide houses for such plantation workers who do not reside within 5 kilometres from the periphery of the estate but who wish to be accommodated on the estate.

**Rural Housing :** The existing housing schemes for backward and depressed classes, whether in rural or urban areas, should continue and should be implemented expeditiously.

### Social Security

**Workman's Compensation :** All workman, including supervisor employed in the occupations covered under the Workman's Compensation Act, 1923, should be eligible for compensation for work injury. Wage limit for eligibility should be removed.

A scheme of Central Fund for Workmen's Compensation should be evolved. All employers who are subject to the Workmen's Compensation Act should pay to this fund a percentage of total wage as monthly contributions to cover the cost of the benefit and of administration. The fund should be controlled by the Employees' State Insurance Corporation. Periodic cash payments may be made to injured workers and their dependents by the Corporation through its local offices in the same way as payments are made at present for various benefits under the ESI Scheme. Medical care to injured workers should be provided by the Corporation. A similar arrangement in respect of mines may be made by the Welfare Commissioners who control various welfare funds for coal, mica and iron ore mines.

(a) Under the present conditions, while an able-bodied worker can claim and obtain retrenchment compensation for being surplus, an injured or disabled workman is thrown out without adequate payment because accident or disease has incapacitated him. This

legal anomaly requires to be removed; (b) A worker should be entitled to higher compensation for disablement resulting from industrial accidents. It should be in the form of subsistence allowance in cases where the worker remains unemployed because of the disablement.

**Maternity Benefit :** A scheme of Central Fund may be evolved for maternity benefit on the lines suggested for workmen's compensation. Pending the creation of this Fund, the Maternity Benefit Act, 1961 should be adopted in all States as early as possible.

**Employee's State Insurance Scheme :** The recommendations made by the ESIC Review Committee should be implemented expeditiously.

Full-fledged medical colleges should be started at places where there are large and well-equipped ESI hospitals, either directly by the ESI Corporation or by the State with help from the Corporation. In case the Corporation contributes financially to medical training, the trainees should be under an obligation to serve the ESI Scheme for a specified period which should not be less than 5 years after achieving full qualifications. The ESI hospitals should also be utilised for the training of nurses and other para-medical staff.

Surplus beds, if any, in ESI hospitals may be made available for the use of the general public, on payment by the State Governments.

The wage limit for exemption of payment of employees' contribution should be raised to Rs. 4 per day.

A scheme of 'no-claim bonus' for insured persons who do not claim any benefit during a year should be evolved.

The constitution of regional boards should be amended for giving increased representation to employers and employees and for nomination by the ESI Corporation of Chairmen of the Boards by rotation. The Boards should be given adequate powers to enable them to exercise effective control on the working of the scheme in the respective regions.

The ESI Corporation should make a suitable contribution to the National Safety Council as part of its programme of integrated preventive and curative services.

**Provident Funds :** The Act at present does not apply to establishment employing between 10-20 persons. It should be extended to these establishments and the minimum rate of contribution therein fixed at 6-1/4 per cent.

(a) Wherever the present rate of contribution is 6-1/4 per cent, it should be raised to 8 per cent ; and where the existing rate of contribution is 8 per cent, it should be raised to 10 per cent; (b) Conversion of a part of provident fund into retirement-cum-family pension is desirable. In cases where the rate of contribution is raised to 10 per cent from employers and employees, a

portion of the contribution should be converted into pension. Pensionary benefits should be worked out on the basis of 4 per cent to start with; the remaining 16 per cent should be paid back as provident fund accumulations.

Power should be vested in the Provident Fund Commissioners and other officers of the Organisation to sanction prosecutions and issue certificates for the recovery of provident fund dues through the Collectors as arrears of land revenue. Penalties for defaults in payment of P.F. dues should be made more stringent. Defaults should be made cognizable under the I.P.C. Arrears of provident fund should be made the 'first charge' on the assets of an establishment/factory at the time it is wound up.

The provident fund accumulations should be invested in securities yielding higher interest as far as possible consistent with the security and safety of funds, to enable the members to get a higher rate of interest.

**Lay-off and Retrenchment Compensation:** A long term solution for the contingency of unemployment lies in adopting a scheme of unemployment insurance for all employed persons. The present provisions for retrenchment and lay-off compensation should continue during the transition period.

**The Dock Workers (Regulation of Employment) Act, 1948:** A comprehensive statute should be enacted bringing together the various provisions of the Indian Dock Labourers Regulation, 1948 and the Dock Workers (Safety, Health and Welfare) Scheme, 1961 for safety, health and welfare of dock workers. The definition of 'dock worker' in Dock Workers (Regulation of Employment) Act, 1948 should be amended with a view to making it more explicit and comprehensive.

**Integrated Social Security:** (a) The aim should be to work gradually towards a comprehensive social security plan by pooling all the social security collections into a single fund from which different agencies can draw upon for disbursing benefits according to needs; (b) It should be possible over the next few years to evolve an integrated social security scheme which will, with some marginal addition to the current rate of contribution, take care of certain risks not covered at present. This will be limited to the benefits of (i) provident fund and retirement/family pension, and (ii) unemployment insurance.

### Wages And Earnings

**A Factual Review:** Subject to the limitations of statistics of wages and earnings, it would appear that among the industrial workers the maximum gain in real wages in the last twenty years was secured by coal miners. Plantation workers also gained, though not to the same extent. Workers in mines other than coal,

factory workers and railway employees followed in that order. Bank employees among the 'white collar' workers secured better scales of pay in the latter part of the period.

(a) Arrangements for standardization of occupational nomenclature and a periodic wage census should be made; (b) Steps should, therefore, be taken, wherever necessary, to standardise job classifications and reduce differentials to suitable limits on a scientific basis.

### Wage Policy—Assessment And Issues

Developments in the field of wage/salary structure in Government influence the wage fixing authorities in the industrial sector and vice versa. It is possible that this aspect of inter-relationship will continue to have an impact on any policy leading to remuneration for work.

Increases in money wages of industrial workers since Independence have not been associated with a rise in real wages nor have these been commensurate with improvements in productivity. Wage costs as a proportion of total costs of manufacture have registered a decline and the same is true about workers' share in value added by manufacture.

(a) In any economy, sectoral productivities are bound to differ due to differences in skills, technology and capital. Wage differentials are inevitable, but the extremes that reflect imperfections of the market and inadequacies of measurement should be avoided; (b) While changes in real per capita income reflect changes in productivity of the economy as a whole, wage variations in any particular sector may not always be based on productivity changes; (c) The disparity between industrial and other wages may not be due to the fact that the former are disproportionately high, but because the latter are disproportionately low. A certain amount of disparity between industrial and agricultural wages is necessary and must continue for the general health of the economy; (d) The earnings of the self-employed persons cannot be taken as a criterion to determine wages of a worker required to put in full-time work.

Wage changes beyond a certain level must reflect productivity changes. The application of this principle presents difficulties as contribution to productivity levels and changes therein are not easy to measure.

(a) Issues concerning wage policy are inter-related on the one hand with broader economic decisions and on the other with the goals set for social policy; (b) The wage policy has to be framed taking into account such factors as the price level which can be sustained, the employment level to be aimed at, requirements of social justice and capital formation for future growth; (c) It has also to take into account the structural features of the economy and has to be in accord with

the pattern of income generation and distribution as envisaged in the development plans.

(a) Commensurate with checks and restraints on consumption required for sustaining the growth process, the standard of living of the worker has to improve. A democratic society with ideals of social justice will have to reconcile considerations of equity and fairness with economic compulsions; (b) Wage policy should aim at a progressive increase in real wages. At the same time any sustained improvement in real wages cannot be brought about without increasing productivity.

Our economy will have to be for long a dual economy with a large range of capital and labour intensive techniques. Wage policy should foster an appropriate choice of techniques so as to maximise employment at rising levels of productivity and wages.

(a) The present practice for mitigating hardship due to rise in cost of living is to pay dearness allowance over and above the basic pay. It is possible that this practice of adjustment of wages may conceivably lead to inflation. Keeping living costs under check should therefore form an integral part of wage policy; (b) Social considerations cast an obligation to mitigate through some adjustment mechanism the hardships caused by price increase to at least the vulnerable sections of labour.

Different institutional arrangements for wage fixation may be needed for different groups. In one case, it could consist of Commissions/Boards for framing wage awards; in others, bipartite arrangements between workers and employers may work. In still other cases, a tripartite machinery may be appropriate. All these can co-exist, depending upon the tradition and experience which are built up for utilising them.

The main aim of wage policy as envisaged is to bring wages in conformity with the expectations of the working class and in the process seek to maximise wage employment.

### Minimum Wage

**Statutory Minimum Wage :** Once the minimum rates of wages are fixed according to the procedure prescribed under the Minimum Wages Act, 1948, it is the obligation of employers to pay the said wages irrespective of the capacity to pay.

The appropriate Government should revise wages prescribed under the provisions of the Act at least once in every three years. If as a result of adverse price situation wage rates require adjustment within three years the local authority should make such adjustment.

The Schedules to the Minimum Wages Act should be periodically revised so that employment(s) which cease to employ sweated labour are deleted and such employment(s) as employ sweated labour are added to the Schedule. The employment limit for enabling a

State Government to fix minimum wage for a particular employment included in the Schedule to the Act should be reduced from 1000 to 500 in the whole State.

The criteria in regard to minimum wage fixation will necessarily have to be flexible. Laying down a rigid cash equivalent of the content of statutory minimum wage, whose coverage is essentially transitional under conditions of development, would not serve any useful purpose.

**National Minimum Wage :** A national minimum wage in the sense of a uniform minimum monetary rate of remuneration for the country as a whole is neither feasible nor desirable. It may be possible, however, that in different homogeneous regions in each State, a regional minimum could be notified. An effort should be made to fix such regional minima.

**Need-based Minimum :** The need-based minimum wage and the wages at the higher levels of fair wage, may and can be introduced by convenient and just phasing, keeping in mind the extent of the capacity of the employer to pay the same. This has to be a pragmatic process which the wage-fixing authorities will have to keep in mind. In fixing the need-based minimum which is in the range of the lower level of fair wage, the capacity to pay will have to be taken into account. Every worker in organised industry has a claim to this minimum and the onus of proving that the industry does not have the capacity to pay it should lie on the employer.

**Dearness Allowance :** There should be periodic adjustment of wages taking into account changes in cost of living. It would be best to leave it to the wage fixing authorities to choose the index (local or all-India) they consider suitable for the purpose of linking dearness allowance. Neutralisation at the rate of 95 per cent should be granted against the rise in cost of living to those drawing the minimum wage in non-scheduled employments. This rate of neutralisation for minimum wage earners in non-scheduled employments should not be allowed to have any adverse effect on the rates of dearness allowance already prevailing on the basis of agreements/awards. The higher rates of neutralisation already achieved should be protected. The capacity to pay is not a relevant consideration for payment of dearness allowance at the minimum level. A five point slab with reference to the consumer price index (base year 1960) on the basis of the current all-India series or the current (1960) centre series would be appropriate for adjustment in dearness allowance. This recommendation should not affect employees who are at present getting point to point neutralisation.

The amount of dearness allowance to be paid to employees having emoluments higher than the minimum

wage should be the same as given to employees at the minimum. Employees who are getting dearness allowance at present higher than what is admissible on the basis now suggested will not be deprived of that; though for any additional increases in the cost of living, they will be entitled only to the same amount of dearness allowance as is given to persons receiving the minimum wage.

It would be more practical to merge dearness allowance with base wage at the base year of the revised series of working class consumer price indices which will be constructed on the basis of family living surveys proposed to be conducted in 1969-70. In the interim, (i) all future wage claims should be dealt with on the basis of the 1968 price level and (ii) ground should be prepared for introducing a consolidated wage (basic + D.A.) as at the base period of the proposed (1969-70) series of consumer price index numbers. The aim of such merger should be to rationalise the existing wage structure and make basic wages more realistic than at present. This merger should not be construed to imply ipso facto any basic change in real wages or conferment of additional benefit. The piece-rates would have to be adjusted to the merged wage in such a way that current differentials in the total wage are not unduly disturbed.

#### Incentives And Bonus

**Incentive:** (a) The application of incentive schemes has generally to be selective and limited to industries and occupations in which it is possible to measure, on an agreed basis, the output of workers or a group of workers concerned and in which it is possible to maintain a fair degree of control over the quality of production; (b) Incentive schemes should cover as many employees of an undertaking as possible and need not be confined only to operatives or direct workers. The inclusion of supervisory personnel as beneficiaries of incentives can have a vital role in improving efficiency; (c) A careful selection of occupations should be made for introduction of incentive schemes with the assistance of work study teams, the personnel of which commands the confidence of both sides; (d) The scheme should be simple so that workers are able to understand its full implications; (e) Managements should take steps to guard against the impact on incentive schemes of certain unfavourable external factors such as non-availability of raw materials, components, transport difficulties and accumulation of stocks; (f) Production should not be organised in a manner which will give incentive wage on one day and unemployment on the next. A fall-back wage can be a safeguard against it.

The objective of increasing productivity must be raised to the level of a high national purpose.

The system of annual bonus has come to stay and may continue in future. While the quantum of bonus can be settled by collective bargaining, the formula which may serve as a guideline for such settlement has to be statutory. The Payment of Bonus Act, 1965 should be given a longer period of trial. Some establishments which used to pay bonus before the passing of the Payment of Bonus Act have stopped paying bonus because the Act does not apply to them. These establishments should not stop bonus payments merely on this account. Government should consider the feasibility of making a suitable amendment to the Act in respect of such establishments.

#### Rationalisation And Automation

(a) Though rationalisation and automation could be regarded as two separate concepts, the effect they have on employment and labour is similar, though not of the same magnitude. In a sense, automation could be considered a part of the wider concept of rationalisation; (b) Rationalisation and automation have an important role to play in the developing countries. They are expected to stimulate economic development; mass production will create more demand for raw materials and components, and in the process help generate employment in the long run; (c) The extent to which automation will lower prices and raise wages may depend on how the gains in the productivity are shared; (d) Automation has to be socially guided so that the country's resources are properly allocated and disequilibrium in its factor-goods markets is not aggravated.

(a) Impact on employment is the most important short-term economic aspect of automation. Employment for any level of output declines with automation, (b) If the general rate of growth of the economy is high and the level of output is increasing while arrangements for retraining are pre-planned, re-deployment of the unemployed will be possible, though locational adjustments will still be necessary; (c) Adequate care will have to be taken to see that the traditional labour-intensive sector which provides employment to a large labour force continues to exist, and in fact thrives, side by side with the development of the modern large-scale capital intensive sector; (d) This dualism will have to continue for quite some time to come; (e) The effect of selective introduction of labour-saving techniques on total employment is not likely to be harmful as is usually apprehended, provided the rate of growth is sufficient to absorb the surplus labour; (f) A phased introduction of more advanced technological and labour-saving techniques and devices has to be initiated guaranteeing simultaneously that employment opportunities do not suffer; (g) The phasing has to be gradual

so long as the economy does not enter an expansionary phase in which the rate of growth will be adequate to absorb the labour force.

Any scheme of automation should satisfy the following conditions :

(i) it accommodates labour that may be rendered surplus ;

(ii) it results in higher productivity and efficiency ;

(iii) it improves the level of earnings of the workers by ensuring to them an equitable share in the gains due to automation; and

(iv) it leads to reduction in cost and benefits the community.

Automated processes which depend upon indigenous equipment would be preferable to those which require foreign equipment. Stress should be laid on manufacturing indigenous machinery of the improved type.

The process of automation and rationalisation should be introduced in consultation with the workers' representatives and carried out in suitable stages. It should, however, be ensured that the country's technological advance is not impaired.

A quantitative basis for sharing the gains of productivity is provided by the National Productivity Council formula reproduced below. While the percentages in it could be settled by mutual agreement, the underlying principles appear to be sound.

"After making a provision in the interest of the consumers which should not exceed 20 per cent wherever this is necessary, out of the balance of the gains of productivity, labour will receive half in those industries where their wages clearly correspond to a fair of living wage except that : (a) where the wages are at a level below either the fair wage or the need-based minimum wage, the share of labour will be larger to be decided by mutual agreement, and (b) where the industry has clearly built up a large free reserve, the share of labour will also be higher than the 50 per cent mentioned above. Of the share thus available for distribution after a provision for consumers and labour has been made a portion will be reserved for the development of the industry and the rest will be available for remunerating capital."

Note : Where no provision is actually made for the consumer, the amount will be available for distribution to labour and capital.

#### Machinery For Wage Fixation/Protection

**Wage Fixing Machinery in Sweated Industries:** (a) The Committee method of fixation of minimum wages under the Minimum Wages Act, 1948 which gives satisfaction to the parties because of their having a part in deciding what to pay or what to accept should be followed in preference to the method by which wages

are notified by authorities, (b) There should be a common Chairman or Committees set up for fixation or revision of minimum wages in allied scheduled employments to facilitate expeditious decision and better coordination, (c) The Committees so set up should be required to report within three months, (d) There should be a common permanent secretariat for these committees to expedite fixation and revision of minimum wages. It should be entrusted with the task of prior collection and collation of relevant data.

**Machinery for Wage Fixation in the Organised Sector :** (a) Wage Boards have done some useful work and they should continue, (b) They have attempted fixation of wages within the broad framework of the Government's economic and social policy.

There need be no independent persons on the Wage Board. If considered necessary, an economist could be associated with the Board, but only as an assessor.

(a) The Chairman of the Wage Board should be appointed by common consent of the parties, wherever possible, (b) For appointment of Chairmen of Wage Boards, an agreed panel of names should be maintained by the proposed National/State Industrial Relations Commissions, (c) He should preferably be drawn from the members of the proposed National or State Industrial Relations Commissions, (d) In case a Chairman is appointed by the consent of both the parties, he should arbitrate if no agreement is reached in the Wage Board, (e) Where the Commission is unable to prepare a panel of agreed names, Government will appoint the Chairman, (f) A person should not be appointed as Chairman of more than two Wage Boards at a time.

The Wage Boards should normally be required to submit their recommendations within one year of their appointment. The date from which the recommendations should take effect should be mentioned in the recommendations itself. The recommendations of a Wage Board should remain in force for a period of five years.

(a) A Central Wage Board Division should be set up in the Union Ministry of Labour and Employment on a permanent basis to service all wage boards, (b) This Division should lend the necessary staff to the wage boards and also supply statistical and other information needed by them for expeditious disposal of the work.

**Machinery for Protection of Wages :** (a) The operation of the Payment of Wages Act has benefited the working class. Non-payment of wages or even unauthorised deductions are now not as common as before, (b) Mal-practices, however, do prevail but mostly in the unorganised and small scale industries, where the arm of law does not reach and where workers have little awareness of their rights, (c) Where pay-

ment is on the basis of piece rates, there is no guarantee that work is properly measured/weighed. The incidence of such practices particularly in mines and plantations requires to be checked, (d) The purpose of laying down a machinery for evolving a proper wage structure is defeated if mal-practices in the payment of wages cannot be checked.

(a) While it is necessary that strict quality standards should be maintained, a remedy has to be found for unfair deductions. (b) Cases where sub-standard work is not paid for, and yet the product is sold in the market at a slightly lower rate yielding a margin for the employer even after paying a wage for it at a reduced rate do exist in small establishments. These call for a suitable remedy.

Implementing authorities should be more vigilant in case of units where mal-practices are likely to be common. In small establishments in the more traditional industries, mal-practices could be cancerous and in such cases more drastic remedies should be thought of.

Government should have the necessary powers to raise, as and when required, the present limit of Rs. 400 per month below which the Payment of Wages Act, 1936 is applicable.

### Workers' Organisations

The basis on which a trade union should be organised is a matter to be determined by workers themselves, in the light of their own needs and experience. They have to grow according to the dictates of their members, but within the constraints set on them by the law of the land.

(a) Formation of craft/occupation unions should be discouraged. Craft unions operating in a unit/industry should amalgamate into an industrial union, (b) Where there is already a recognised industrial union, it should be set up sub-committees for important crafts/occupations so that problems peculiar to the crafts receive adequate attention.

Formation of centre-cum-industry and national industrial federations should be encouraged.

Apart from paying attention to the basic responsibilities towards their members, unions should also undertake social responsibilities such as : (i) promotion of national integration, (ii) influencing the socio-economic policies of the community through active participation in the formulation of these policies, and (iii) instilling in their members a sense of responsibility towards industry and the community.

(a) There should be no ban on non-employees holding positions in the executive of the unions, (b) Steps should be taken to promote internal leadership and give it a more responsible role, (c) Internal

leadership should be kept outside the pale of victimisation, (d) To hasten the process of building up internal leadership, the permissible limit of outsiders in the executives of the unions should be reduced, (e) Ex-employees should not be treated as outsiders.

Unity in the trade union movement has to grow from within. Our recommendations regarding recognition of a union as a sole bargaining agent by statute, building up of internal leadership, shift to collective bargaining as the main method of settlement of disputes and the institution of an independent authority for union recognition will hasten the process of reducing inter-union rivalries.

Intra-union rivalries are best left to the central organisation concerned to settle. The Labour Court should step in at the request of either group or on a motion by the appropriate Government, in cases where the central organisation is unable to resolve the dispute.

(a) Closed shop is neither practicable nor desirable. Union shop may be feasible, though some compulsion is in-built in this system also. (b) Neither should be introduced by statute. Union security measures should be allowed to evolve as a natural process of trade union growth, (c) An enabling provision to permit check-off on demand by a recognised union would be adequate.

Trade union registration should be made compulsory for all plant unions/industrial federations, but not for the central organisations.

(a) The minimum number required for starting a new union should be raised to 10 per cent (subject to a minimum of 7) of regular employees of a plant or 100, whichever is lower, (b) The minimum membership fee of a union should be raised from the present level of 25 paise per month to Re. 1 per month.

The Registrar should be time-bound to take a decision regarding grant/refusal of registration. He should complete all preliminaries leading to registration within thirty days of the receipt of application, excluding the time which the union takes in answering queries from the Registrar.

The registration of a union should be cancelled if (i) the annual return discloses that its membership fell below the minimum prescribed for registration, (ii) the union fails to submit its annual return wilfully or otherwise, and (iii) the annual return submitted is defective in material particulars and these defects are not rectified within the prescribed period.

(a) An appeal should lie to the Labour Court over the Registrar's orders of cancellation of registration, (b) Application for re-registration should not be entertained within six months of the date of cancellation of registration.

## Employers' Organisations

Public sector undertakings should be encouraged to join their respective industrial associations. There is an equally strong case for cooperatives to join such associations.

Registration of employers' organisations should be made compulsory. Arrangements should be made through the Industrial Relations Commission for certification of employer's organisations at industry/area level for purposes of collective bargaining.

(a) Multiplicity of organisations at the national level has not been a problem with employers' organisations. The main organisations have come together under the Council of Indian Employers, but the All-India Manufacturers' Organisation is outside the Council. It will be desirable if the Council of Indian Employers brings this organisation also within its fold, (b) Multiplicity of organisations within an industry is not conducive to collective bargaining. Wherever at present there is more than one organisation dealing with an industry, these should be amalgamated into a single organisation and the first step in this direction would be the constitution of Joint Committees to deal with problems of the industry as a whole or to negotiate on behalf of the industry at that level.

Employers' organisations should encourage collective bargaining. They should also encourage voluntary arbitration and wean away reluctant employers from recourse to third party intervention.

Regular and scientific arrangements for training of supervisors and middle management personnel in the art of handling labour should receive due attention from employers' organisations.

Employers' organisations should build up their internal consultation system in such a manner that all matters which have far-reaching impact on members are scrutinised by the constituents prior to any decisions that might be taken at the national level.

From the view-point of labour-management relations, employers' associations should :

(i) undertake promotion of collective bargaining at various levels;

(ii) encourage observance and implementation by their members of bipartite and tripartite agreements in real spirit and form;

(iii) expedite implementation of wage awards by members;

(iv) work towards elimination of unfair labour practices by employers;

(v) encourage adoption by members of personnel policies conducive to productivity and industrial peace;

(vi) promote rationalisation of management or organisation to improve productivity;

(vii) arrange employers' education (a) in the concept of labour partnership in industry, (b) for ensuring identity of interests of labour and management, and (c) for promoting harmony in the goals of industry and the community, and

(viii) work towards the collective welfare of its members through training, research and communication in the field of labour-management relations.

## State And Industrial Relations

**Role of the State :** Industrial relations affect not merely the interests of the two participants, labour and management, but also the social and economic goals to which the State addresses itself. To regulate these relations in socially desirable channels is a function which the State is in the best position to perform; such regulation has to be within limits.

Where standards of good employment are disparate, the State seeks to set them with a view to influencing employers in the private sector.

Consultation with State Governments in the formulation and implementation of labour policy becomes essential in a country with a federal constitution with 'labour' in the 'Concurrent List' :

**Tripartite Consultations :** (a) Tripartite consultation has its value for setting uniform 'norms' to guide industrial relations. The Indian Labour Conference/Standing Labour Committee/Industrial Committees which have been set up in recognition of this fact must remain advisory in character. The conclusions/recommendations reached by them should be treated as deserving every consideration, (b) To make the process of reaching consensus more consultative, the Government should restrict its influence on tripartite deliberations.

Tripartite decisions should be taken in two stages on the lines of the procedure followed by the International Labour Organisation. There should be a preliminary but detailed discussion on the subject in the first stage. The conclusions recorded at this preliminary discussion should be widely publicised and comments on them encouraged. On the basis of these comments, the tripartite should frame its recommendations in the second round of discussions.

Industrial Committees should meet more often to examine specific issues connected with the concerned industry. Such general decisions as are taken in the ILC/SLC should be tested for their applicability in industrial committees and difficulties in implementation taken back to the general forum.

Tripartite discussions should last longer and should be supported by a good deal of spade work in the Committees of the Conference. The SLC should meet more often and the ILC less frequently but for longer duration.



The representation at the tripartite should be restricted as a first step to those central organisations only which have a membership of at least 10 per cent of the unionised labour force in the country. There should be a review every three years to accord representation to organisations on this basis.

A fairly senior officer of the Labour Ministry should be designated as Secretary to the Conference. He should have adequate staff support; his functions will be to project and meet the informational needs of the ILC/SLC and industrial committees, as well as to co-ordinate the information available.

**Common Labour Code:** Considering the variety of subjects, presently covered under labour legislation it will not be practicable to formulate a common labour code, having uniform definitions all through and applying to all categories of labour without any distinction. Since 'labour' will continue in the 'Concurrent List', adjustments to suit local conditions in different States will have to be allowed. These adjustments in some cases may not necessarily conform to the letter of a common code.

In order to bring about a feasible degree of simplification and uniformity in definitions, it should be possible to integrate those enactments which cover subjects having a common objective. This will mean a simplification of the existing framework of labour laws.

There appears to be no valid ground for narrowing the scope of the definition of 'industry' under the I.D. Act, 1947, as it stands today. In fact, there is a case for enlarging its scope so as to cover teaching or educational institutions or institutes, universities, professional firms and offices, etc., whose employees are at present denied the protection of the provisions of the Industrial Disputes Act. However, the definition of 'industry' should be extended in scope by stages and in a phased manner over a reasonable period, depending upon the administrative arrangements which could be made to meet the requirements of the law and upon the consideration of a number of other relevant factors. The arrangement for settlement of disputes may have to be different in such employments.

The definition of the word 'workman' under the I.D. Act should be based on functional as well as remuneration criteria. While only managerial and administrative personnel may be excluded irrespective of their salary, supervisory and other personnel whose remuneration exceeds a specified limit could also be reasonably excluded. This limit, which is Rs. 500 p.m. at present, could be raised in such a way as to put an end to the present anomaly of very highly paid personnel resorting to industrial action and seeking protection under the provisions of the Act. Raising of the wage ceiling will be particularly justified in view of the fact that in in-

dustries using advanced technology wages of many of the workers, particularly in the supervisory cadres, are found to be very much in excess of the prescribed maximum of Rs. 500.

The definition of the term 'strike' under the I.D. Act is quite comprehensive and may not require any change. The forms of labour protest such as 'go-slow' and 'work-to-rule' may be treated as misconduct or unfair labour practices under the Standing Orders.

Items like bonus, contributions to provident fund, and other benefits and gratuity on termination of service (where gratuity has become a term of service under an award or settlement), have all become regular elements of workers' remuneration and should, therefore, be included as part of a worker's wage.

## Industrial Relations—I

**Collective Agreements—Collective Bargaining:** In the absence of arrangements for statutory recognition of unions except in some States and provisions which require employers and workers to bargain in 'good faith', it is no surprise that reaching of collective agreements has not made headway in our country. Nonetheless, the record of reaching collective agreements has not been as unsatisfactory as it is popularly believed. Its extension to a wider area is certainly desirable.

There is a case for shift in emphasis and increasingly greater scope for and reliance on collective bargaining. Any sudden change replacing adjudication by a system of collective bargaining is neither called for nor is practicable. The process has to be gradual. A beginning has to be made in the move towards collective bargaining by declaring that it will acquire primacy in the procedure for settling industrial disputes.

Conditions have to be created for promotion of collective bargaining. The most important among them is statutory recognition of a representative union as the sole bargaining agent. The place which strike/lock-out should have in the overall scheme of industrial relations needs to be defined; collective bargaining cannot exist without the right to strike/lock-out.

**Conciliation:** (a) Conciliation can be more effective if it is freed from outside influence and the conciliation machinery is adequately staffed. The independent character of the machinery will alone inspire greater confidence and will be able to evoke more cooperation from the parties. The conciliation machinery should, therefore, be a part of the proposed Industrial Relations Commission. This transfer will introduce important structural, functional and procedural changes in the working of the machinery as it exists today, (b) There is need for certain other measures to enable the officers of the machinery to function effectively. Among these are: (i) proper selection of personnel, (ii) adequate pre-

job training, and (iii) periodic in-service training.

**Voluntary Arbitration :** With the growth of collective bargaining and the general acceptance of recognition of representative unions and improved management attitudes, the ground will be cleared, at least to some extent, for wider acceptance of voluntary arbitration.

**Gherao :** 'Gherao' cannot be treated as a form of labour protest since it involves physical coercion rather than economic pressure. It is harmful to the working class and in the long run may affect national interest.

In certain essential industries/services where a cessation of work may cause harm to the community, the economy or to the security of the nation itself, the right to strike may be curtailed but with the simultaneous provision of an effective alternative, like arbitration or adjudication, to settle the disputes.

The effects that flow from cessation of work warrant the imposition of certain restrictions on work-stoppages. Every strike/lock-out should be preceded by a notice. A strike notice to be given by a recognised union should be preceded by a strike ballot open to all members of the union concerned and the strike decision must be supported by two-thirds of members present and voting.

**Union Recognition :** It would be desirable to make recognition compulsory under a Central law in all undertakings employing 100 or more workers or where the capital invested is above a stipulated size. A trade union seeking recognition as a bargaining agent from an individual employer should have a membership of at least 30 per cent of workers in the establishment. The minimum membership should be 25 per cent if recognition is sought for an industry in a local area.

The proposed National/State Industrial Relation Commission will have the power to decide the representative character of a union, either by examination of membership records, or if it considers necessary, by holding an election by secret ballot open to all employees. The Commission will deal with various aspects of union recognition such as : (i) determining the level of recognition—whether plant, industry, centre-cum-industry—to decide the majority union, (ii) certifying the majority union as a recognised union for collective bargaining; and (iii) generally dealing with other related matters.

The recognised union should be statutorily given certain exclusive rights and facilities, such as right of sole representation, entering into collective agreements on terms of employment and conditions of service, collection of membership subscription within the premises of the undertaking, the right of check-off holding discussions with departmental representatives of its worker members within factory premises, inspecting, by prior agreement, the place of work of any its members, and nominating its representatives on works/grievance

committees and other bipartite committees.

The minority unions should be allowed only the right to represent cases of dismissal and discharge of their members before the Labour Court.

**Industrial Relations Commission :** The present arrangement for appointing ad hoc industrial tribunals should be discontinued. An Industrial Relations Commission (IRC) on a permanent basis should be set up at the Centre and one in each State for settling 'interest' disputes. The IRC will be an authority independent of the executive.

The National Industrial Relations Commission should be appointed by the Central Government for industries for which that Government is the appropriate authority. The National IRC would deal with such disputes which involve questions of national importance or which are likely to affect or interest establishments situated in more than one State. Its scope should be broadly the same as that of National Tribunals under the Industrial Disputes Act, 1947.

Each State should have an Industrial Relations Commission for settlement of disputes for which the State Government is the appropriate authority.

The main functions of the National/State IRCs will be (a) adjudication in industrial disputes, (b) conciliation, and (c) certification of unions as representative unions.

The Commission should be constituted with a person having prescribed judicial qualifications and experience as its President and an equal number of judicial and non-judicial members ; the non-judicial members need not have qualifications to hold judicial posts, but should be otherwise eminent in the field of industry, labour or management. Judicial members of the National Industrial Relations Commission, including its President, should be appointed from among persons who are eligible for appointment as Judges of a High Court.

The Conciliation Wing of the Commission will consist of conciliation officers with the prescribed qualifications and status. There will be persons with or without judicial qualifications in the cadre of conciliators. Those who have judicial qualifications would be eligible for appointment as judicial members of the Commission after they acquire the necessary experience and expertise. Others could aspire for membership in the non-judicial wing.

The functions relating to certifications of unions will vest with a separate wing of the National/State IRC.

The Commission may provide arbitrators from amongst its members/officers in case parties agree to avail of such services. The Commission may permit its members to serve as Chairman of Central/State Wage Boards/Committees, if chosen by the appropriate Government for such appointment.

After negotiations have failed and before notice of strike/lock-out is served, the parties may agree to voluntary arbitration and the Commission will help the parties in choosing a mutually acceptable arbitrator. Alternatively, either party may, during the period covered by the said notice, approach the Commission for naming a conciliator within the Commission to help them in arriving at a settlement.

In essential industries/services, when collective bargaining fails and when the parties to the dispute do not agree to arbitration, either party shall notify the IRC with a copy to the appropriate Government, of the failure of negotiations whereupon the IRC, shall adjudicate upon the dispute and its award shall be final and binding upon the parties.

In the case of non-essential industries/services following the failure of negotiations and refusal by the parties to avail of voluntary arbitration, the IRC after the receipt of notice of direct action (but during the notice period) may offer to the parties its good offices for settlement. After the expiry of the notice period, if no settlement is reached, the parties will be free to resort to direct action. If direct action continues for 30 days, it will be incumbent on the IRC to intervene and arrange for settlement of the dispute.

When a strike or lock-out commences, the appropriate Government may move the Commission to call for the termination of the strike/lock-out on the ground that its continuance may affect the security of the State, national economy or public order and if after hearing the Government and the parties concerned the Commission is so satisfied, it may, for reasons to be recorded, call on the parties to terminate the strike/lock-out and file their statements before it. Thereupon, the Commission shall adjudicate on the dispute.

It should be possible to arrange transfer of cases from the National IRC to the State IRC and vice versa under certain conditions.

(a) The Commission will have powers to decide to pay or withhold payments for the strike/lock-out period under certain circumstances, (b) If during the pendency of the strike or thereafter, the employer dismisses or discharges an employee because he has taken part in such strike, it would amount to unfair labour practice, and on proof of such practice, the employee will be entitled to reinstatement with back wages.

All collective agreements should be registered with the IRC.

An award made by the IRC in respect of a dispute raised by the recognised union should be binding on all workers in the establishment(s) and the employer(s).

Labour Courts : (a) Standing Labour Courts should be constituted in each State. The strength and location of such courts will be decided by the appropriate Govern-

ment; (b) Members of the Labour Court will be appointed by Government on the recommendations of the High Court. Generally, the Government should be able to choose from a panel given by the High Court in the order in which the names are recommended.

(a) Labour Courts will deal with disputes relating to rights and obligations, interpretation and implementation of awards and claims arising out of rights and obligations under the relevant provisions of law or agreements as well as disputes in regard to unfair labour practices and the like, (b) Labour Courts will thus be the Courts where all disputes specified above will be tried and their decisions implemented. Proceedings instituted by parties asking for the enforcement of rights falling under the aforesaid categories will be entertained in that behalf. Appropriate powers enabling them to execute such claims should be conferred on them.

Appeals over the decisions of the Labour Court in certain clearly defined matters may lie with the High Court within whose jurisdiction/area the Court is located.

Unfair Labour Practices : Unfair labour practices on the part of both employers and workers' unions should be detailed and suitable penalties prescribed in the industrial relations law for those found guilty of committing such practices. Labour Courts will be the appropriate authority to deal with complaints relating to unfair labour practices.

## Industrial Relations—II

Works/Joint Committees : (a) Works committees may be set up only in units which have a recognised union. The union should be given the right to nominate the worker members of the works committee, (b) A clear demarcation of the functions of the works committee and the recognised union, on the basis of mutual agreement between the employer and the recognised union, will make for a better working of the committee.

Joint Management Councils : When the system of union recognition becomes an accepted practice, managements and unions will be willing to extend cooperation in matters they consider to be of mutual advantage and set up a Joint Management Council. In the meanwhile, wherever the management and the recognised trade union in a unit so desire, they can by agreement enhance the powers and scope of the works committee to ensure a greater degree of consultation/cooperation. The functions of the two in this latter situation can as well be amalgamated.

Code of Discipline : The Code worked in its initial stages with a certain measure of success and then fell into disuse. With the removal of the important provisions relating to recognition of unions, setting up of

grievance machinery and unfair labour practices from the Code and incorporating them in the proposed legislation, the Code will have no useful function to perform.

**Grievance Procedure :** Grievance procedure should be simple and have a provision for at least one appeal. The procedure should ensure that it gives a sense of : (i) satisfaction to the individual worker, (ii) reasonable exercise of authority to the manager, and (iii) participation to unions. A formal grievance procedure should be introduced in units employing 100 or more workers.

A grievance procedure should normally provide three steps : (i) submission of a grievance by the aggrieved worker to his immediate superior, (ii) appeal to the departmental head/manager, (iii) appeal to a bipartite grievance committee representing the management and the recognised union. In rare cases where unanimity eludes the committee in, (iii) the matter may be referred to an arbitrator.

**Dismissal/Discharge :** The Industrial Disputes (Amendment) Bill 1956 (Bill No. XVIII of 1966) as it stands should be enacted without delay. To minimise delays in adjudication proceedings and further delay in appeals, adoption of the procedure which obtains in the Small Causes Courts and abolition of appeals to higher courts may be provided. To make the procedure more effective, the following provision should be made.

(i) In the domestic enquiry the aggrieved worker should have the right to be represented by an executive of the recognised union or a workman of his choice.

(ii) Record of the domestic enquiry should be made in a language understood by the aggrieved employee or his union.

(iii) The domestic enquiry should be completed within a prescribed period, which should be necessarily short.

(iv) Appeal against employer's order of dismissal should be filed within a prescribed period.

(v) The worker should be entitled to subsistence allowance during the period of suspension as per agreement in the tripartite.

**Labour in Public Sector :** Suitability of the candidate and his availability for at least 5 years should be the criteria for selection for a senior position in a public undertaking. The Chairman of the Union Public Service Commission and persons with known industrial experience should be associated with the selection committee which currently consists of senior Secretaries to the Government of India. Persons on the verge of retirement should not be placed in charge of the public undertaking.

At the supervisory level, recruitment has to be on

an all-India basis since the quality of personnel is a crucial factor. Where there is a choice between two persons who are equally qualified, the person who is a 'local' will, it is expected, get preference automatically.

Disparities in regard to items like working conditions, working hours and holidays as between workers/staff recruited at different times have become a cause of complaint in certain units. It should be possible for new units to avoid such difficulties in future by adopting procedures which have worked well in similar public sector establishments.

In order that the assessment of the profitability of a public undertaking is not distorted, investment on townships should not be a charge on the public undertaking and should come out of a separate fund.

Strict enforcement of labour laws should be ensured by the person in charge of the undertaking. Since the public sector is considered a model employer, breach of statutory provisions should not be countenanced in that sector.

Each fair-sized public undertaking should develop a good personnel department to enable proper understanding of the view-point of the unions on different matters. The levels of management at which decisions can be taken on different issues should be clearly laid down and made known to workers.

State Electricity Boards should come together periodically and exchange experiences with a view to drawing up a phased programme for decasualising labour engaged by them.

All casual workers employed by the State Electricity Boards who have put in a specific period of service, to be determined by the Boards in consultation with the State Labour Departments, should be allowed the benefits available to regular employees on an appropriate scale.

### **Government Industrial Employees**

Our recommendations in regard to trade unions would be equally applicable to unions of Government (Industrial) employees. The position in the departmental undertaking is not so fundamentally different from that in other undertakings, as to warrant a change in principle in regard to union recognition.

In case of Government industrial employees engaged in essential services, the prohibition of strike would be justified. Such prohibition of strike will, however, have to be accompanied by the provision of an effective alternative for settlement of unresolved disputes. This will ultimately lead to settlement of disputes by negotiations and agreements. At the same, there will be need for a statutory arbitration machinery.

There should be a wider scope for discussion in the Joint Consultative Machinery on all matters which can be brought constitutionally within its purview. The

imited scope provided in a Joint Consultative Machinery for arbitration is a deficiency which should be removed if the industrial employees of Government are to be treated on the same footing as other industrial employees. The present arrangement in the JCM under which Government is the final authority to decide whether an issue can or cannot go for arbitration requires to be modified.

It is important that arrangements for Government (Industrial) employees and others in similar non-governmental employment (essential services) should have as extensive a common ground as possible in matters concerning the settlement of disputes.

A Pay Commission to review the wages and other conditions of service of industrial employees of Government should be appointed without delay. The quantification of the need-based minimum wage in money terms or the task of deciding the question of Government's capacity to pay, which is a relevant consideration for determining the need-based minimum wage, is best left to the Pay Commission to be set up. No modification in the concepts of 'minimum wage', 'need-based minimum wage' and 'living wage', and other terms is required in their applicability to Government's industrial employees.

Pending consideration of the issue of D.A. by the proposed Pay Commission, no change in the recommendations of the Dearness Allowance Commission (May, 1967) is necessary except that at the lowest range of emoluments, the neutralisation percentage should not be less than 95.

### Employment Of Women And Children

The right of a woman to employment should in no way be considered subordinate or secondary to that of a man. The necessary training facilities should be created/augmented. Vocational guidance programmes will serve a useful purpose in giving required information to women. It will be desirable to give preference to women for training in those trades and occupations for which they have special aptitude.

Implementation of the principle of equal pay for equal work should be more satisfactory than at present.

(a) Women will have to be absorbed more and more in skilled categories of work to make their employment more economic to the employer, (b) With proper skill generation and rational distribution of women labour force as a part of social and economic planning, it should be possible for an employer to follow a non-discriminatory policy in employing women.

(a) Employment of children has of late been on the decline in organised industries; but it is still common in the unorganised sectors of the economy, (b) The

employment of children is more an economic problem than anything else. Even then, where it results in denial of education to them, employment hours of children should be so fixed as to enable them to attend to schooling, (c) Where the number of children is adequate, the employers with the assistance of the State Governments should make arrangements to combine work with education.

### Agricultural Labour

There cannot be a unilinear approach for improving conditions of agricultural labour. Remedies lie in bringing about fundamental changes in the agrarian structure and social relationships in rural areas.

The highest priority should be given to developmental measures for raising agricultural productivity through labour-intensive scientific farming. The emphasis should be particularly on organisational and institutional reforms that would make scientific technology accessible to the small farmers and its benefits shared equitably between agricultural workers and the farmers.

(a) The Fourth Plan lays emphasis on labour-intensive schemes, e.g., road building, minor irrigation, soil conservation, area development, and rural electrification. This would enlarge non-farm rural employment and relieve agricultural under-employment, (b) The building up of the infra-structure through labour-intensive techniques should be undertaken through organisation of labour cooperatives to provide employment to the surplus rural labour force. The programme may be integrated with the progressive building up of the educational/social overheads to provide employment to educated youth.

There should be periodic revision of minimum wages in agriculture through tripartite consultative bodies consisting of the representatives of agricultural labour, employers and State Governments at the State and district levels. The Minimum Wages Act should be extended gradually beginning with low wage pocket areas to others. A way should be found to involve the village panchayats in the task of implementation of the Act.

With the development of agriculture, spread of education and political consciousness, agricultural labour will become more organised in course of time. The State Governments, as a special measure, should provide such facilities as may be necessary to organisations of agricultural labour.

A departmental agency under officers with suitable experience and aptitude should be provided to execute and supervise employment programmes in backward areas where weaker sections preponderate. The work of this authority should be closely linked with that of

the revenue authority.

Distribution of lands particularly where the statute recognises these gifts should be speeded up. Similarly the pace of "re-settlement" schemes should be accelerated.

A fair section of agricultural labour consists of small cultivators. Of late, eviction of small cultivators has been on the increase as a result of resumption of land for direct cultivation by land-owners. Such evictions should be stopped.

(a) Suitable arrangements should be made to direct the flow of a part of the cooperative or other institutional credit to the small cultivator-worker to enable him to benefit from the new agricultural developments, (b) For small cultivators who own petty holdings, the prices fixed for agricultural commodities play the same role as wage rates for workers outside agriculture. The wage content of agricultural costs has also to be given due weight in formulating agricultural price policies.

Delay in the enactment of tenurial reforms has acted as a damper to the new agricultural strategy because the land is not recorded in the name of the tiller. Tillers who belong to the category of small cultivators cannot invest their meagre savings under this new programme in the land for which they have no title. The tenurial reforms should be expedited so that small farmers are fully involved in reaching production targets.

Landless workers should be put in ownership of the house sites where their huts stand. Colonies of agricultural labour, away from the present insanitary and unhygienic conditions, should be established, keeping in view the integrated character of the rural community and the need for promoting social equality.

Agricultural labour as the most vulnerable section of the rural community has suffered from the ravages of scarcities and famines in different parts of the country. As a long-term measure, there should be an intensive approach to development of the areas that are chronically susceptible to drought or famine.

Formation of labour corps, organisation of agricultural labour, and fixation, revision and enforcement of their wages have important policy and administrative implications. Coordination is needed at the suitable levels of the vertical administration. There should be one coordinating agency at the Centre and another at the State level. The location of the agency should be left to the discretion of the Central and State Governments.

A major section of the agricultural labour comes from scheduled castes and scheduled tribes. The problem of giving them social status is deep-rooted and there is no short-term solution to it. It can and must be tackled only by the energetic and continued processes of strict

enforcement of social legislation and sustained efforts at education.

**Forest Labour :** Forest labour is largely made up of labour from tribal communities which have deep ecological and economic links with the forests they live in. Forest labour in general, and tribal labour in particular, should be treated with understanding. There is a greater scope for employment of the members of these communities as fire watchers, forest guards and rangers.

The welfare of forest labour cannot be divorced from that of other communities similarly placed. All operations connected with the exploitation of forest produce in which these communities are engaged, and trade in major and minor produce should be nationalised to ensure enduring benefits to forest labour and also to the State.

Forest labour cooperative societies through which workers are trained and equipped to organise themselves should be encouraged. They should be kept away from the pale of influence of contractors. There should be a coordinated support for them from different departments of Government. Such managerial assistance, training and marketing facilities, as they need, should be made available to them in the initial stages.

The procedures for grant of compensation on account of disability and injury to the worker during the course of employment should be set right to obviate rigidity in the matter of payment.

The Minimum Wages Act, 1948 should be extended to cover forest labour. Suitable procedures should be evolved for prompt payment of wages. The forest manual should be modified to deal with irregularities in the matter of payment. Rules should be framed under appropriate legislation to provide a wage card to each worker wherein advances given and adjustments against payment for work should be indicated. State Governments may consider involving local panchayats or action bodies of local communities in the task of enforcement of wage contracts on the employers of forest labour.

The forest department/contractors should make available such facilities as fair-price shops for distribution of foodgrains to forest labour particularly during the difficult months when these areas are cut off from the normal sources of supply.

#### Unorganised Labour

**Contract Labour :** A stricter regulation of contract work than at present is called for. The general direction of policy should be towards abolition of contract labour in due course. The Central Bill providing for regulation and abolition of contract labour currently under consideration should be enacted soon.

**Construction Workers :** The possibility of introducing a

decasualisation scheme should be explored to ensure greater security of employment for construction workers.

The cost on amenities to labour should be accepted as a permissible item in the tender. Where this item is admitted, it should be the responsibility of the agency which supervises work to see that the expenditure allowed is actually incurred and amenities provided.

Mobile dwellings should be provided for construction workers at work sites.

A periodic review of the content of fair wage in the 'fair wage clause' and a strict enforcement of the clause should be the responsibility of the departmental agency entrusted with construction projects. A specific target of inspection should be laid down for all categories of inspecting officers to secure proper enforcement.

To guard against non-payment or delayed payment of compensation to the worker or to the next of kin, in case of fatal accidents, maintenance of attendance registers showing permanent and local addresses of labour-employed by the principal contractor or sub-contractor should be enforced.

**Casual Labour :** (a) There should be a better regulation of conditions of casual labour. A beginning should be made in this direction in all undertakings, public and private through periodic review and consultations among representatives of Government, employers and workers, (b) If employment is discontinued for a short period and the worker is re-employed, this short period should not be treated as a break in service. After a casual worker completes a stipulated period of service he should be allowed the same benefits which a regular worker enjoys.

**Small-Scale Industries :** Many unfair labour practices have developed in the wake of rapid expansion of small industries. Apart from efficient functioning of the labour inspectorate, a devoted leadership is necessary to remedy the situation.

**Bidi Workers :** Formation of cooperatives of bidi and cigar workers should be encouraged. All persons engaged in bidi making, irrespective of their place of work, should be treated as workers for the purpose of the Minimum Wages Act, 1948.

**Workers in Shops and Commercial Establishments:** (a) Working conditions in shops and commercial establishments are at present governed by State enactments, (b) The Central Government should enact a comprehensive legislation for the purpose. It should be applicable to units which have a stipulated minimum number of employees or have an annual turnover above a stipulated limit, (c) The present legislation is implemented by local bodies. The implementation is unsatisfactory. It should be transferred to the office of the State Labour Commissioner.

**Sweepers and Scavengers :** State Governments should enact suitable legislation regulating service conditions of sweepers and scavengers and set up an adequate inspectorate for the purpose.

Recruitment should be strictly regulated and detailed records of seniority of substitute workers, registration of candidates and issue of call-latters and appointment orders should be maintained. Abolition of 'customary rights' should be sought through persuasion and with the assistance of social workers. An alternative programme for rehabilitation of families affected by this reform should be drawn up.

The Provident Funds Act, 1952 should be made applicable to the sweepers and scavengers employed by local bodies. The applicability of the Employees' State Insurance Act should be examined.

The practice of carrying night soil as head-loads should be abolished.

**Workers in Tanneries :** The workers in tanneries and leather goods manufactories seem to be in the same plight as their counterparts who work for small employers in other industries. Malpractices such as short payments, unwarranted deductions and even extra deductions for absenteeism add to the other difficulties which these workers face. Un-healthy surroundings in which the workers engaged in tanning live and work should be improved by setting up separate industrial estates.

**Tribal Labour :** (a) There should be development of a consistent and integrated policy towards involving members of backward communities in the industrial processes at work around them, (b) Employment prospects of tribal labour have improved of late, but mere reservation of posts will no longer help if steps are not taken to make them fit for the jobs likely to be available, (c) Registration and placement procedures in the employment exchanges should be simplified, particularly in the case of illiterate tribal candidates, (d) Local tribal labour, especially displaced labour should get reasonable opportunities for recruitment to unskilled and semi-skilled jobs, (e) It should be the duty of the management to arrange for training and education of these workers for skilled positions when new employment opportunities are created or are available in industrial units in the area.

**Labour in the Cooperative Sector :** For labour in the large units in the cooperative sector, the recommendations made by us under different heads throughout our report will apply with equal force. A cooperative unit should not seek exemption from the operation of labour laws nor should the Government grant it.

There should be a comprehensive study of the working and living conditions of labour in the cooperative sector in order to understand the position vis-a-vis



labour in corresponding units where the nature of entrepreneurship is different.

The recommendations in regard to labour in the small scale and unorganised sectors and agricultural labour will apply to labour engaged by small cooperatives and workers engaged by individual members of the cooperatives for agricultural operations respectively.

**Unprotected Labour :** Where employment of unprotected labour is of some magnitude, legislation on the lines of the Maharashtra Mathadi Hamal and other Manual Workers (Regulation of Employment and Welfare) Act, 1968 may be considered by other State Governments for enactment.

**General Recommendations about Unorganised Labour :** A better understanding of the problems of different categories of unorganised labour is essential to the formulation of suitable ameliorative measures. Detailed surveys about conditions of work in these employments should be undertaken.

The State will have to play an increasingly important role in providing legislative protection for unorganised/unprotected labour. The requirements of legislation and revision of existing measures should be under constant review.

Legislative and administrative procedures applicable to small establishments should be simplified to facilitate their understanding and implementation. The machinery for the enforcement of law and welfare measures should be strengthened.

The difficulties of small employers, who find it difficult to employ separate staff to look after various formalities and keep accounts are genuine. Government should take appropriate measures to mitigate them.

#### **Labour Administration**

Industrial relations in mines attached to factories and factories attached to mines should be brought under the purview of the same agency—Central or State.

The extension of jurisdiction of the Central Government to industrial relations in industries which cut across State boundaries or which are of importance to the economy, should be left to the discretion of Parliament.

Inter-State collaboration for handling matters of labour administration has taken place so far under the auspices of the Central Government. It should be possible for neighbouring States to come together more frequently for evolving a common line of approach on problems to mutual advantage.

The tenure of office for the State Labour Secretary/Commissioner should be longer. There should be an arrangement by which the Labour Department can have the benefit of at least two years' experience of either the

Labour Secretary or the Labour Commissioner at any point of time. An Officer, who in the early stages of his career worked as Labour Commissioner, should preferably be chosen as Labour Secretary.

The term of an officer from the administrative service, when appointed for running the employment service, should not be short.

Autonomous Boards/Corporations which have been set up to administer labour laws or voluntary arrangements should have a greater feeling of independence than at present in carrying out their functions.

Improving social consciousness should make the parties concerned avoid deliberate delays in the implementation of laws. Courts should show greater firmness in handling intransigence in these matters.

Greater vigilance on the part of Government is necessary for improving implementation of labour laws in small units.

When labour legislation is passed, common responsibility for its implementation by Central and State Governments is assumed. Arrangements for implementation should, therefore, be a matter of routine.

(a) Persons recruited to the junior-most technical posts in the inspectorate under any legislation should spend some time with an office of an industrial association and a well-organised office of a trade union. They should also acquire familiarity with the working of industrial establishments and visit the dwelling places of workers. All this will be a part of their initial training, (b) A manual of office procedure should be prepared by each office of the Labour Ministry/Department for the benefit of new entrants.

(a) The senior officers should have arrangements to understand the broader perspective within which they have to establish their utility to the public, (b) New incumbents in senior positions should be enabled to attend collective bargaining sessions, trade union meetings and discussions organised by trade unions and professional organisations like management associations, the Indian Institute of Personnel Management/the National Institute of Labour Relations, Local Productivity Councils and the like.

Refresher courses are necessary for officers who are permanently located in the office of the Ministry/Department. There should be institutional arrangements for this purpose. The concerned institutions require to be strengthened with a view to making them more useful as training grounds for officers at different levels.

Supervision of construction work given on contract should be not only with regard to physical output, but also for seeing what the contract stipulates as to the needs and conditions of employment. This should form part of training to the new entrants in the engineering

services of various Departments like the Railway, Public Works Department and Irrigation Department and of public corporations and autonomous bodies like State Electricity Boards and State Transport Undertakings.

Public Works Departments in the States and at the Centre, as also the Forest Department, should consult the respective Labour Commissioners before settling contractors' claims.

(a) Penalties for non-implementation of labour laws should be deterrent enough for habitual defaulters. A minimum penalty is not suggested, but it is expected that authorities awarding penalties will take a serious view of repeated breaches of law by the same defaulters, (b) Utmost restraint and discretion should be exercised by the appropriate authorities in the matter of withdrawal of prosecutions once launched.

(a) The responsibility for the administration of Shops and Establishments Act should vest with the office of the Labour Commissioner, (b) Supervisory jurisdiction over all inspectorates which look after conditions of work should vest in the Labour Commissioner.

The field agency for the implementation of the Minimum Wages Act for agricultural labour should be the Zila Parishad and its functionaries at the village level. State Labour Departments should coordinate their implementational activities. The operative agency for this purpose will be the office of the Labour Commissioner.

The cadre of Central Government Labour Officers maintained by the Labour Ministry to look after the welfare of labour in Government industrial establishments should be transferred to the Chief Labour Commissioner's office. The Evaluation and Implementation functions of the Labour Ministry should also be transferred to the office of the Chief Labour Commissioner.

#### Labour Statistics, Research And Intelligence

Timely publication of statistics should be an important aim of all agencies collecting data and information.

There is need for standardised concepts and definitions of the absenteeism statistics compiled at present by the Labour Bureau, State Governments and employers' associations.

(a) Statistics of industrial disputes should be collected statutorily under the Collection of Statistics Act, 1953. While publishing them under the new system, more details of the break-up of statistics according to causes should be provided. (b) Arrangements should be made for regular collection of statistics on work stoppages not connected with industrial disputes, such as, stoppages due to breakdown of machinery, shortage of raw-materials and lack of demand for products. If

necessary, separate rules under the Collection of Statistics Act, 1953, should be framed for the purpose, (c) Statistics of disputes settled by collective agreements, conciliation machinery, industrial tribunals, or otherwise should be compiled on a regular basis. The Labour Bureau should examine and initiate arrangements for the collection and processing of these statistics in consultation with the authorities concerned, (d) Statistics about loss of working time, loss of production and other related details in the case of go-slow, work-to-rule and other forms of labour protests are difficult to compile. The Labour Bureau should explore, in consultation with the concerned authorities, how these difficulties could be overcome.

Deficiencies in labour statistics arise inter alia from ;

(i) inaccuracy and unreliability owing to (a) poor response, (b) failure of primary agencies to send accurate reports, (c) handling of data by untrained staff and (d) inadequacy of staff ;

(ii) variety of definitions of the same term in different statutes ;

(iii) varying response from agencies which supply data ; and

(iv) delayed publication.

Steps should be taken to remove these deficiencies.

(a) The load on employers and trade unions for submission of statistical returns can be substantially reduced through rationalisation of forms. An exercise in this regard was attempted by a committee appointed by the Maharashtra Government ; similar steps should be taken by other State Governments, (b) To secure uniformity in the work of such committees when set up, it would be useful to associate a technical officer of the Labour Bureau, (c) This matter should receive expeditious consideration from the Central and State Governments.

Statistics are collected by Central and State agencies purely to fulfil statutory or administrative requirements ; some of the data as collected are not even compiled. To avoid such unplanned collection of data, a Standing Council consisting of agencies of Government in charge of collection of statistics, representatives of employers' and workers' organisations and research institutions should be constituted to review periodically the requirements of statistics to be collected.

There is pressing need for bringing out important economic indicators like the index numbers of employment, wage rates and earnings at quarterly intervals. Expeditious action should be taken to organise these series on a statutory basis.

Gaps in labour statistics exist in regard to employees in the unorganised sectors, such as, in small shops, commercial establishments and small scale industries. The matter should be examined by the Central Govt.

ment in consultation with State Governments with a view to evolving remedies.

The periodic surveys undertaken by Government to understand the rural situation should be continued and intensified. The need for action-oriented statistics for this section of labour is more than for any other.

Collection of social and sociological data on workers' life should find a place in the future programme for development of statistics.

The Labour Bureau has proposals for conducting fresh family living Surveys during 1969-70 to bring out a new all-India Index on that basis. With the experience gained so far and with the improved facilities now available for tabulation, the switch-over from the 1960 series to the proposed 1969-70 series should be expedited.

(a) The authorities compiling consumer price index numbers should show readiness to supply the necessary technical information to the users on a regular basis, (b) A formal avenue of consultation should be provided at the time of planning the family budget inquiries or inquiries in all matters pertaining to industrial employment, (c) A chart of prices collected during the week area-wise should be displayed in the office of the Labour Commissioner. Users could raise doubts about the prices displayed with the authority in charge of compilation and the authority should get these doubts clarified through an appropriate check by an officer who is senior in rank to the one who collects the prices. The prices used in the final compilation should also be published, (d) The manner of introducing changes in: (i) the commodities included in the index, (ii) the technical problems involved; and (iii) the way they are proposed to be tackled should be explained to the users through the usual channels open to the authority compiling the index.

Before the indices are released, they should be checked for their correctness by a committee consisting of the Director, Labour Bureau, and a representative each of the Central Statistical Organisation and the office of the Economic Adviser (Ministry of Industrial Development and Company Affairs). This procedure should not, however, result in delays in releasing the indices.

The family budget inquiries which form the basis of determining the 'weights' for an index should be undertaken once in ten years and the work on linking the old and new series should be completed before the old series is discontinued. The process should be ordinarily over within two years of the completion of the inquiry.

The Government of India has set up a Council of Social Science Research, an autonomous body which will coordinate researches in all social sciences and promote systematic research by providing financial

assistance to universities and research institutes for approved schemes. The Council should recognise labour research as one of its important branches and introduce the necessary coordination in labour research within the overall discipline of social science research.

(a) There should be wider collaboration among Government, universities and research institutions, and employer's and workers' organisations in the field of labour research, (b) The responsibility of providing necessary leadership and resources in the field of labour research should rest primarily with the Department of Labour and Employment, Government of India. It should re-examine the difficulties which cropped up in the way of proper functioning of the proposed Central Institute of Labour Research and activate the Institute.

### India And The ILO

(a) India's participation in the ILO over the years has been meaningful, (b) To be better equipped for the country's participation in the annual conferences and also industrial Committees of the I.L.O., the choice of delegates (Government, employers and workers) should be made well ahead of time, (c) A preparatory meeting with the participation of all delegates and advisers to discuss agenda items should be convened by the Labour Minister. It should help participants to evolve the stand that our delegates should take, though employer's and workers' representatives will naturally work in the ILO in close collaboration with their international organisations, (d) A flexible approach should be followed in fixing the strength of the delegation taking into account the complexity of the subjects to be discussed in the conference.

Our country, while receiving technical assistance from other countries through the ILO, has also offered assistance to the international community. There is greater scope than at present for improving this two-way traffic.

(a) The Government should, over a period, seek to ratify the Conventions which may have been held up because of technical and administrative difficulties, (b) Some of the conventions dealing with fundamental human rights have not yet been ratified by our country. There should be a reassessment by the Government with a view to their formal ratification.

International obligations which devolve on India as a result of our long association with the ILO have to be discharged in several directions:

(i) by adopting the aims and objects of the ILO for national action;

(ii) by cooperating at the international and regional levels in the programmes of the ILO; and

(iii) by progressive implementation of the standards set up by the ILO.

Our country has made adequate progress in all these directions and this process should continue to gain momentum.

# COMMITTEE ON TAX LAWS, 1966—FIRST INTERIM REPORT ON RATIONALISATION AND SIMPLIFICATION OF DIRECT TAXATION LAWS,

New Delhi, Ministry of Finance, 1967. 33p.

One Man Committee : Shri S. Bhoothalingam.

## APPOINTMENT

The Committee on Tax Laws was appointed by the Finance Minister Shri Sachindra Chaudhuri vide his letter dated December 24, 1966 who had expressed the hope to the possibility of suggestions "in time for some measure of simplification to be considered in the context of first budget proposals of the new Government next year."

## TERMS OF REFERENCE

To attempt the task of suggesting ways of rationalising and simplifying the tax structure;

"To make wheather suggestions are possible in time for consideration during the process of formulating the next Finance Bill."

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Introduction; Annuity Deposits; Earned and Unearned Income; Rebate and Other Concessions; "Assessment year"; "Previous Year", and "Tax Year"; Distribution of Work among Income-Tax Officers on a "Functional" Basis; Appendix I.

## RECOMMENDATIONS

### Annuity Deposit

1. Before proceeding to discuss various possible ways of rationalisation and simplification, it would be highly desirable to get out of the way, so to say, one complicating feature which in reality is not even germane to the tax structure, viz., the scheme of annuity deposits. The system of annuity deposits introduced two years ago is essentially a scheme for raising loans from certain classes of income tax payers. Non-Corporate assessees (with an income of over Rs. 15,000) are require to make deposits equal to 5 to 12-1/2 per cent of their total income, depending on the income, unless they specifically opt out of the scheme for all time. The deposits are excluded from taxable income for the year concerned. A tenth of the deposit together with interest is returned each year. Sums so returned are included in total income for tax purposes. Except for the com-

paratively short-term loans obtained by Government by means of these deposits, the system does not purport to confer any worthwhile revenue advantages on Government or any worthwhile concessions to the payer. People with falling incomes will benefit, while people with rising incomes stand to lose. Those with stable incomes merely pay later what they would otherwise have to pay now. With these conditions, only a small number of people have opted out of the stiff penal tax which they have to pay if they do not join it.

2. The administration of this scheme has thrown a considerable amount of work on the income tax Department which is charged with the duty of computing, watching and ensuring the payment of deposits. There is a considerable strain both on the tax payer and on the Department in another way. The amount of annuity deposit payable depends on total income, the chargeable total income itself depends upon the annuity deposit. Every time there is a revision in the total income, the liability for annuity deposit will undergo a change. Apart from all this, the Reserve Bank has to undertake the burden of accounting for the deposits and for the repayment of annuities in ten instalments along with the interest. The citizen has to approach the Reserve Bank of India each year for a number of years for the collection of the annuity, unless he has deposited the certificates with the public debt office.

3. The continuance of this system certainly clouds the consideration of other proposals for the rationalisation and simplification of the system itself. If it is Government's desire that the system should be made permanent, all other proposals will have to take that into account. I would, therefore, earnestly request to Government to decide immediately whether the Annuity Deposit Scheme is to be permanently a part of the structure of our public finance. If the system is not to be permanent, the sooner it is abolished the better.

4. The merits, the case for the continuance of the Scheme as a part of the permanent structure of public finance is very weak. As observed earlier, it is essentially a method of raising loans. Viewed from that angle, the question is whether the complications involved all round are worth while for the sake of obtaining comparatively short-term loans on terms not particularly

favourable. Viewed from the larger perspective, the amount obtained by Government as loan in this form is not considerable. In any case, the net amounts will progressively decline as the liability for repayment of the older deposits increases. At the end of ten years what is paid out will be nearly equal to what comes in and sometimes may even be a bit more. It is, therefore, clear that even from the point of view of raising comparatively short-term resources, the value of the Scheme is not particularly great. I would, therefore, strongly recommend that the Scheme be abolished with effect from the current year.

5. I understand that if Annuity Deposits are abolished, the net diminution of resources in 1967-68 is likely to be of the order of Rs. 14 crores. The gross diminution under the head "Borrowing" will of course be larger, but this will be offset by the fact that the tax liability of all those who are now required to make Annuity Deposits will increase. It is, of course, for Government to consider whether even in the current years Rs. 14 crores of resources can be fore gone without too much inconvenience. I would only point out that if it is desired to make up this amount, it would not be necessarily follow that it should be made up by tax revenues. Essentially it should be regarded as a diminution under the head "Borrowing", and therefore, the better way would be to try to make up by other forms of borrowing. I would recommend one such form in the succeeding paragraphs.

6. At present, there are tax incentives to encourage savings by individuals. The principal incentive is tax relief granted on savings in the form of life insurance or contributions to recognised Provident Funds. Until two years ago, a rebate of income tax was given on such savings upto certain ceilings. Two years ago, the rebate was replaced by a deduction of specified portions of such savings from total income. I would recommend a widening of this system which is adequate only in the case of those who have opportunities to make contributions to Provident Funds. By and large, salaried assesses who have no such opportunity and for whom insurance represents almost the only form of saving by which they can obtain a tax concession. This class numbers more than half a million and the average income of this class is somewhat higher than that of the salaried class. I would recommend the immediate constitution of a Public Provident Fund to which any citizen should be entitled to contribute at will. Contributions to this provident fund should be given exactly the same treatment as is given to contributions to recognised provident funds at present, that is to say, the prescribed percentage of contributions subject to the usual ceilings will be deductible from the total income, the interest credited to the contributors' account will be exempt from tax and

the balances when withdrawn according to the rules should also be exempt from tax.

7. The structure and rules for this Provident Fund should be as nearly as possible, the same as the existing provident funds which are recognised by the income tax Department. One main difference will however, have to be accepted. In the nature of things contributions to the Public Provident fund cannot and should not be made compulsory. The contributor should be free, subject only to a small minimum amount, to contribute to whatever he wishes and at whatever time. He should also be permitted to interrupt or discontinue contributions. Ordinarily, all accumulations in the provident fund should be returnable only after a period of 15 years from the first contribution or on the attainment of a certain age, say 65 years, whichever is earlier, but in any case no part of the contribution would be returnable within five years of the first contribution. Some provisions may be made for limited withdrawals for certain specified purposes. These facilities, however, should not be as liberal as in the case of present recognised provident funds, because there will be no means for permitting withdrawals on a refundable basis. But as the contributor is under on specific obligation to contribute every year, the limitation of facilities for withdrawal cannot be regarded as a hardship.

8. The main reason, and indeed purpose of the proposed scheme is to confer on all personal tax payers the same incentives or advantages in regard to savings. The advantage to Government and it should in course of time prove to be a substantial one—is that a part at least of the personal savings of a large number of tax payers will be channelised into a fund the deployment of which will be in public hands. Compared to the present annuity deposits, these would be clearly long-term borrowings. They would, of course, be borrowings on the basis of tax free interest, but the justification for this is, as already pointed out, the need to treat all citizens alike. To the extent that non-salaried tax payers have opportunities and even inducement to use their saving in their own business, they will not take full advantage or even any advantage of the new facility, but there will still be many, particularly among the middle income professional class, who would take advantage of the scheme.

9. I have considered whether the present Cumulative Time Deposit Scheme does not or could not be made to serve the same purpose as the Public Provident Fund I have proposed. Under the scheme, individuals severally or jointly, can make deposits in the Post Office for five, ten or fifteen years. Some limited facilities are given for withdrawals from the deposit accounts. Five-Year deposits do not qualify for the concession in income tax like insurance premia and contributions to

provident funds but deposit is for the two longer periods do so. At the end of the period of the deposit, a lump sum is received by the depositor which includes interest and bonus on the deposit which is also tax free. I understand that scheme has not been a resounding success. In the last year the total deposits made amounted to about Rs. 10 crores (according to Revised Estimates). One might therefore, legitimately ask whether the proposed Public Provident Fund will be any more successful. While one can never be anything like dogmatic on a matter like this, I should imagine that the chances of the Public Providing Fund providing a greater appeal are quite considerable. For one thing schemes administered by the Post Office are not particularly popular. The general impression is that the authorities are wooden and unresponsive. A Public Provident Fund administered by trustees is likely to command greater confidence. One factor which probably deters people from taking advantage of the Cumulative Deposit Scheme is the fact that they have to commit themselves to make regular payments. This deterrent will not exist under the Public Provident Fund Scheme proposed. On a consideration of all factors, I think it would be of great advantage to constitute such a Public Provident Fund immediately. There would be further advantage if the Government's intention to constitute the Public Provident Fund is announced at the same time as the abolition of Annuity Deposits. To those who might harbour a feeling (though it is only an illusion) that after the Annuity Deposit Scheme ceases they will have to pay higher taxes, the opening of a new medium of saving which would qualify for tax relief will clearly appear as a compensation. In this context Government might consider raising the ceiling of savings which qualify for tax concession. At present the maximum is 25 per cent of total income subject to an absolute maximum of Rs. 12,500. These ceilings may be appropriately raised to thirty per cent and Rs. 15,000.

10. I have stated earlier that by its very nature it would be difficult to make contributions to the proposed Public Provident Fund compulsory. The scheme would provide a facility and an inducement to saving, but it cannot exact compliance. It is not, therefore, possible to predict how much the Fund would attract and whether it will be large enough, in the short period, to off-set the diminution in resources from borrowings which would be caused by the abolition of annuity deposits. Savings schemes considered attractive at the time of inception have often failed to be attractive in practice. In the present context when more savings are urgently needed. I have considered whether some kind of compulsive pressure cannot be introduced to reinforce the inducement. One simple and direct way would be to tax the difference between what we expect the tax payer to save

(say, 10 per cent) and what he actually saves through the recognised means, which in this context mean insurance and provident fund schemes. Unfortunately, such a tax would most probably be regarded as unconstitutional. What in effect is a tax on failure to save will, therefore, have to be expressed as a tax relating to income. The simplest way of so relating it would be to provide substantively for an additional tax to which will be subject all tax-payers who do not save by one or more of the prescribed means at least ten per cent of their income. This additional tax, which may be twenty per cent of total tax liability, should be subject to a ceiling of half the difference between what has been saved and what should have been saved. If the obligation is confined, as I would suggest, to tax-payers under 65 or 60 years with an income of Rs. 15,000 or over, there can be no reasonable objection to the requirement that 10 per cent at least of the income should be saved. There can be an objection only if the minimum is pitched too high. Again no one can reasonably object to being required to save in particular forms once these forms are devised to provide equal opportunity to all citizens not only to save but to get a tax benefit by so doing. Persons who already contribute 10 per cent or more of their income to provident fund or insurance will of course not be compelled to save more, but all others will in one way or other be compelled to resort to contribution to the Public Provident Fund in order to avoid the additional tax. This will, applied in particular to non-arrangement, is clumsy and not in consonance with the general trend towards simplification and elegance. A simpler and more elegant and satisfying method will be to revise that people who save more than 10 per cent will in effect not be paying more than what they do now. To change the rate in this manner for a limited purpose will, however, be like the tail wagging the dog. There is a great deal to be said on other grounds for such a change in the rate structure itself. But that should be preceded by a more thorough examination of all relative economic factors.

#### Earned Income And Unearned Income

1. Today there is additional tax on unearned incomes of over Rs. 15,000 and an earned incomes of over Rs. 100,000. A distinction between the treatment of earned and unearned income has existed for a very long time, i.e., since 1945. Until 1957, the distinction took the shape of a deduction of a percentage of earned income from the total income. In 1957, however, the method was changed by charging differential rates of surcharge both in respect of income-tax and super-tax, broadly subject to special provision for incomes over Rs. 100,000 and also comparatively moderate incomes including dividends from companies; super-tax was merged with

source of unearned income, viz., wealth. On this basis an increase of 1/2 per cent over the existing rates on each slab above Rs. 5 lakhs would broadly meet the case. It may be mentioned in passing that this method of subjecting wealth to a higher burden will in one respect be superior to the present surcharge on unearned income because such wealth will be subject to tax whether or not it yields income at the assumed level or any income at all. This is of course true of wealth tax itself.

5. The surcharge and earned incomes of over Rs. 100,000 stands on a completely different footing. It is not similar to a rebate or a concession. It is on the other hand a substitute for the alternative method of higher marginal rates than 65 per cent on the higher slabs of income. The tax structure would become more logical and elegant if this straightforward method were adopted instead of prescribing a surcharge for this specific purpose. Thus something like the present effective incidence on income over Rs. 100,000 can be secured if new slabs are introduced and taxed as follows :

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| Whether the total income exceeds Rs. 1 lakh but does not exceed Rs. 2 lakhs. | Rs. 47,500 plus 75 per cent of the amount by which the total income exceeds Rs. 1 lakh.   |
| For the total income exceeding Rs. 2 lakhs.                                  | Rs. 122,500 plus 80 per cent of the amount by which the total income exceeds Rs. 2 lakhs. |

The only disadvantage of this proposal, which is only another way of presenting the existing state of affairs, is that to the lay public in India and abroad the highest marginal rate of taxation in India would appear very high at 80 per cent. It is for Government to decide whether in order to preserve appearances which do not in any way deceive the people concerned, it is worthwhile to continue the more awkward system of surcharges or prefer the more defect method proposed.

#### Rebates And Other Concessions

1. I consider that one important aspect of direct taxation in which there is immediate scope for rationalisation and simplification is the method of granting reliefs, rebates and other concessions. At present, these are in fact given in a variety of ways, although they can be broadly classified under two heads—rebates and concession at the rates. At first sight, rebate on tax on a particular type of income appears quite a simple matter. But in actual fact it is much more complicated. For one thing some rebates are full and others are partial in varying degrees. Secondly, a rebate is not given at any prescribed rate. The average rate has to

be computed in each particular case. This is done by calculating the tax payable on the total income and dividing that amount by the total income. In this way the average rate differs from person to person and from year to year for the same person. There is a further complication that in certain cases the total income itself is reduced for the purpose of calculating the average rate. When it comes to the application of the concessional rates, the complications are still worse. Not only are the average rates different for different persons the are different for different blocks of income of the same person. For example, a short term capital gain is taxed at the average rate arrived at by including the capital gains in the total income, but for taxing the rest of the total income, the average rate ignores the capital gains.

2. It is important both for the tax payer and the Income Tax Department that the tax liability of every tax payer should be clearly and simply determined. In fact, every tax payer with average intelligence should be able to determine his own tax liability without possibility of serious error. In the way in which rebates are now given and concessional rates applied, the average tax payer is quite unable to determine with any degree of precision what his rights and obligations are. The Income tax Department is also constantly riddled with the necessity of making complicated calculations. Even with the best will in the world such calculations give scope for error. Apart from this, a great deal of time is spent to very little purpose both by the Department and the tax payer. The strain on the Department is the cost of waste for the community, while the strain on the tax payer has to be borne by himself. It is, therefore, not only desirable but necessary, particularly in the larger context of slowly educating the tax payer to recognise, accept and fulfil his responsibility cheerfully, to simplify these calculations as much as possible.

3. Assuming for the present that Government intends to continue in substance, if not to the exact degree, the concessions represented by the present provisions for rebates and concessional rates, the main objective can be easily achieved by the much simpler method of giving effect to the intentions underlying the rebates and concessional rates by allowing appropriate deductions from the total income. This is by no means a new idea. By the Finance Act of 1965, the long standing rebate on life insurance premia or contributions to Provident Funds was abolished and replaced by a straight deduction of a proportion of such contributions subject to certain ceilings. On the face of it, there is no reason why this method which is clear, simple, understandable and easily workable should not be adopted throughout. At any rate, the conclusion is irresistible that unless there are very strong reasons to



the contrary, this method alone should be adopted for the purposes now served by rebates and concessional rates.

4. There are at present 19 types of cases in which rebates, concessional rates or other concessions of like nature are given either through the Income tax Act or through the Finance Act. These are indicated in Appendix 1. The way in which these can be replaced by suitable deductions from total income is described in column 4 of the same Appendix. In two types of cases, viz. interest on "Tax free" Government Securities (item 7 of the Appendix) and interest on National Savings Certificates (First Issue) and Bank series of such certificates (item No. 16 of the Appendix) no change appears to be necessary as cases covered by the former are few and the item will die out in course of time and in the case of the latter, any change will affect the term of the issue. Three other types of cases, viz. shares of Partners in Firms (Serial No. 8), Dividends attributable to income subjected to Agricultural Income Tax (Serial No. 14) and Personal Allowances in the case of resident Individuals and Hindu Undivided Families (Serial No. 19) do not admit of an easy transition to the system of straight deductions as various issues are involved. The consideration of these problems can be taken up later. In all other cases, the substitution to the system of straight deductions seems prima facie practicable. The proposals are indicated in columns 4 and their effect in columns 5 to 7 of the Appendix. It is obvious that the level of deductions proposed cannot always have exactly the same effect or incidence as the present rebates or concessions, but an attempt has been made, subject to the reasonable exigencies of simplification, to retain the concessions at broadly the same levels as hitherto looking to the present rate structure.

5. Cooperative Societies : At present under Section 81 of the Income tax Act, a rebate at the average rate of tax applicable to the total income is granted to income derived by Cooperative Societies from a variety of sources, the most important of them being banking or providing credit facilities to the members of the society, cottage industries, the marketing of agricultural produce of members, purchase of agricultural implements, seeds, live-stock or other articles for agriculture for supply to the members, the processing without the aid of power of the agriculture produce of the members of the society, supply of milk raised by members to a federal milk cooperative societies, interest and dividends from investments with other cooperative societies, rent derived from letting of godowns or warehouses, etc. In the case of certain cooperative societies whose income does not exceed Rs. 20,000 interest on securities and income from house property also qualify for rebate.

On the top of all this, where the income from business (other than insurance) not enumerated above does not exceed Rs. 15,000 the whole of it qualifies for rebate. The intention of Government as embodied in the existing laws appear to be that income from business (other than insurance) up to Rs. 15,000 should not be taxed at all whatever the nature of the business may be, that income from certain enumerated types of business may also not be taxed and that income from certain investments may be also exempt under certain conditions, one of the most prominent tests being that the total income does not exceed Rs. 20,000. In a situation in which the intention is not to tax income arising from the bulk of the activities of the cooperative societies, the normal method of first specifying that all income should be deemed as taxable and then prescribing rebates may appear on the face of it quite unsuitable. For legal purposes however, it would be desirable to retain the conventional method of expression, because it would be impossible to foresee and specifically describe all sources of income which are taxable. The present system gives rise to the rather strange position that a cooperative society whose income from business (other than insurance) other than those enumerated earlier is less than Rs. 15,000 is wholly exempt from taxation however high the income it earns from the sources enumerated if it has no income except from business. (In this context, it has to be borne in mind that the rate of tax is itself lower than that of individuals and companies). It would be observed that the sources specified for qualifying for rebate account for a large proportion of the income of the vast majority of cooperative societies. In actual fact, I understand that most of the cooperative societies, the largest number being primary agricultural credit societies, do not pay any tax at all. This is certainly in accordance with the intention of Government, which is that, by and large, incomes arising from the activities of cooperative societies which are confined to providing help to members should not be taxed. At the same time, there is no reason why incomes earned by cooperative societies by activities which are not particularly cooperative in character and are hardly dissimilar to business activities of other entities should not be taxed. There is also no obvious reason why profits from banking in the ordinary sense of the term should qualify for any special concession. At the most the profits from loans given to the following types of institutions may be exempt, but the rest of the business which is carried on like any other commercial bank does not seem to deserve preferential treatment.

- (i) Primary Agricultural Credit Societies,
- (ii) Industrial Cooperative Societies,
- (iii) Primary Marketing Societies,

(iv) Urban Cooperative Banks (including salary earners societies), and

(v) Urban Cooperative Banks not covered by the definition of a Primary Cooperative Bank in the revised Banking Companies Regulation Act.

Further, profits made from miscellaneous Primary Societies, other societies, may be also exempt. There is no reason why on the face of it a factory or a Spinning Mill organised on the cooperative basis should not be taxed substantially in the same way as a company or a firm. The areas of incomes of co-operative societies which should enjoy the concession will be examined by me separately at a later stage so that the present position can be modified in a rational way. The fact remains, however, that the intention of Government can best be achieved in a simple and elegant way by specifying the types of income which will be deducted from total income rather than by prescribing the rebates which necessitate a series of calculations. I would, therefore, recommend for the present that all the types of income which now qualify for rebate should be excluded from the computation of total income. This would mean nothing more than a clear recognition of the principle already accepted and embodied in the law, viz. that the income of cooperative societies derived from trading with its own members or for the benefits of its own members should not be subject to tax. The question of rationalising the incidence of tax for the other types of income will be examined by me separately.

6. Dividend from a Cooperative Society : Under Section 82 of the Income Tax Act, dividends from cooperative societies enjoy a rebate at the average rate applicable to total income. Under the laws governing the operation of cooperative societies, these are severe restrictions on the number of shares which any individual can hold. The dividends paid by cooperative societies are also generally meagre. The inclusion of these small sums in total income and the detailed calculation of rebates, therefore, involves an amount of administrative work which is hardly commensurate with the revenue earned, which is in fact negligible. I would, therefore, recommend that dividends from Cooperative Societies may be excluded from total income.

7. Income of a marketing authority : Under Section 83 of the Income Tax Act, a rebate at average rate applicable to total income is granted to a marketing authority in respect of income from the "letting out of commodities". Marketing authority generally means authorities specifically created by law for this purpose. In the vast majority of cases these marketing authorities have hardly any other income which does not enjoy a rebate. It is, therefore, hardly necessary to retain the present complicated provisions for granting a rebate.

It would be far simpler to exclude these types of income from total income. The effect on revenue will be negligible, while the gain by way of simplicity will be considerable. It may be mentioned incidentally that there is an error in the head note for Section 83 where the working used is "income of marketing Society" whereas the provision is in respect of "marketing authority".

8. "Tax holiday" Income of Newly Established Industrial Undertakings and Hotels : Under Section 84 of the Income Tax Act, a rebate is granted on profits of newly established industrial undertakings and hotels upto 6 per cent of the average capital employed in the business for the first seven years in the case of Cooperative Societies and for the first five years in all other cases. In the case of most corporations the rebate is naturally at the flat rate of corporation tax applicable. In the case of others, however, the rebate is on the average rate applicable to total income. The determination of the amount of income which qualifies for rebate involves complicated calculations every year, because of the fact that the 6 per cent is to be applied to the average capital employed in the business in each of the relevant years.

Experience clearly shows that only a small fraction of new industrial undertakings are able to take anything like full advantage of the relief intended to be given by Government. This mainly arises from the fact that profit in this context means profit earned after making full allowance for depreciation and development rebate as admissible according to the Income Tax Act. Very few industrial undertakings are in actual fact able to make anything like the 6 per cent profit in each of the five years as calculated in this manner, even though they may be making a larger profit if calculated on the basis of a straightline depreciation. The practical value of the concession is further diminished by the fact that no carry over is allowed.

I think it would be desirable to express this relief in a much simpler form and in the process somewhat to increase its substantive scope. Firstly, the present base for the calculation of profits, viz., average capital employed in the business during each year is complicated and difficult to establish. It involves the calculation of the period during each year in which each asset is employed. All this seems hardly worthwhile. Instead broadly the same basis as is now adopted for calculation of capital for the levy of surtax, viz., owned capital and long-term borrowings as at the beginning of the year but ignoring the fresh introduction of capital in the course of the year may be adopted. Six per cent of this amount may be allowed as a straight deduction every year and where the profits actually earned are less than six per cent, the difference may be allowed to be

carried forward and adjusted against such profits for eight years as in the case of a business loss. No carry forward beyond this period need be allowed. This proposal involves something more than mere simplification. The proposal for carry forward for eight years means an enlargement of the present concession. To some extent this is counter-balanced by the fact that in some cases the newly proposed base, viz., owned capital plus long-term borrowings as at the beginning of each year may be a little less than the average capital employed. Secondly, while the method of straight deduction from total income would make no difference in the case of most corporations, it would enlarge the scope of the concession somewhat in the case of most corporations, it would enlarge the scope of the concession somewhat in the case of other categories of tax payers. As the object of Government in providing for a tax holiday is to encourage a rapid growth of new industrial undertakings and hotels and revenue considerations play only a secondary part, I think the additional concession incidentally involved in simplification will be well worthwhile. This is, however, a matter for a policy decision. (If for any reason Government does not desire to enlarge the concession by allowing a carry forward, it may be pointed out that the main proposal is hardly affected). It would still be worthwhile to adopt the new basis and the method of a straight deduction.

9 Dividend related to tax holiday profits : Under Section 85 of the Income Tax Act, such profits are entitled to a rebate at the average rate applicable to total income. On the face of it, this concession appears as a survival from the past when it was deemed that the companies paid tax on behalf of the shareholders. This position no longer holds good. On the contrary, it goes against the grain of the main tax structure. The nature of the profits from which dividends are paid should have no relationship with the tax liability of the recipient of dividends. From this point of view, there appeals to be no case for any kind of relief on such dividends. The present system of rebates involves unnecessary calculations. The Income Tax Officer assessing the company has to determine what portion of the dividend declared can be attributed to the tax-holiday profits and to certify accordingly so that the extent to which a shareholder is entitled to rebate may be determined. This proportion itself is liable to variation from time to time due to revision, appeals or re-assessment in the case of the company with the consequent need to revise assessments of shareholders. All this can be cut out if the dividend from tax holiday income becomes liable to tax like any other dividend. The only question of income tax in new ventures. It is difficult to be dogmatic on this point. In my view the existence of

a tax-holiday for the company is a factor which the prospective shareholders take into account in assessing the likely working of the company, but it is doubtful whether a rebate on the dividends they might receive attributable to the first five or eight years of the working of a company plays any significant part in their investment decision. As already pointed out, few companies are likely to pay large dividends attributable to profits of the period of the tax-holiday. I therefore, think that making of dividends subject to taxation will have little adverse effect on investment. This will be particularly so if my proposal to allow carry forward is accepted. This would clearly increase the capacity of the concerns to pay dividends and the knowledge that it would do so is likely to have a good effect on the investor. If however, for any reason it is thought that the withdrawal of an existing concession may be opposed as being liberal, I would suggest that the whole or a proportion of the dividend on tax-holiday income should be allowed as a straight deduction. I would point out that this would still leave in its trail the complications arising from revision of the tax-holiday assessments of numerous individuals. Because of this, I would still press that the dividends should be taxed. If the view is held that this may have some adverse effect on investment, it would be far better to counteract this by allowing a relief at seven or eight per cent of the profits during the tax-holiday period. Incidentally there will be cases of companies who have not so far distributed by way of dividends profits which have enjoyed the concession of tax-holiday and who would have arranged their affairs with a view to making such distribution. The concession under Section 85 may be withdrawn in such a way that it is available for dividends attributable to profits of companies which have completed the period of tax-holiday under the existing provisions.

10 Interest on "Tax Free" Government Securities : Under Section 86(1) of the Income Tax Act, a rebate at the average rate is given on interest on certain Government securities. On the view that wherever, possible rebates should be replaced by straight deductions, this rebate should also go. But I understand that the complications arising from the need to calculate an average rate exist only in a few cases. Two of the issues are held mainly by the Nizam of Hyderabad or by Trusts created by him and the third issue is held by only about 50 persons. All these securities will be redeemed by 1975. Besides these securities, dividends declared by State Financial Corporations out of subventions received from the State Governments are treated as interest on tax-free securities of a State Government. The amount of such subventions is small and is going down year after year. Moreover, the dividends accrue

mostly to the Reserve Bank of India and the State Governments who are not liable to tax.

It is almost impossible to determine an appropriate percentage of the interest on tax-free securities which may be allowed as a deduction from total income with a view to securing a similar benefit as is available under the existing provisions for a rebate. This is so because the maximum quantum of the rebate is at present limited to 27.5 per cent of the interest on such securities whereas the tax relief given in terms of a straight deduction will vary according to the average rate applicable to the total income of the holder of the securities. Any reduction in the quantum of tax relief as compared with the existing levels which may arise from the adoption of a formula for a straight deduction would be open to the objection that the interest on the securities was declared to be tax-free at the time of the issue. The complete exemption of interest from such securities so as to avoid the complication of the rebate appears unnecessary as such income will cease to accrue in a few years in all cases and even at present the complication arises only in a few cases. I am, therefore, not proposing any amendment of the present provisions of the law.

**11. Shares of partners in Firms :** Under Section 86(iii), (iv) and (v) of the Income Tax Act, rebates and credit for tax at varying rates are now given. It is difficult to deal with this aspect alone of the taxation of firms. Whether these rebates can be replaced by a straight deduction can only be considered along with various other interlinked matters which arise in this field.

**12. Expenses incurred on the Education of Children Abroad :** Under Section 87 A of the Income Tax Act, a rebate at the average rate subject to certain ceilings is given to non-Indian residents. As a matter of simplification, I would suggest a straight deduction of Rs. 1500 per child upto a maximum of two children.

**13. Recognised Donations to Charitable Institutions and for repairs of holy or historic places :** There is reason to believe that there is considerable abuse of tax concessions given in respect of donations. The entire field requires separate and detailed study. The subject is not merely a matter of the tax structure but impinges on general economic and social policy. Meanwhile, to fact remains that certain donations do at present qualify for a tax concession under Section 88, so long as this continues, I would suggest a more translation of the concessions as a matter of simplification into the form of a straight deduction of fifty per cent of the qualifying disbursement. A deduction at fifty per cent does involve a small increase in the incidence of taxation on non-corporate assessees as compared with present levels. If the present levels are to be regarded as sacrosanct, something like a sixty per cent deduction would be required.

There is no specific objection to it, but in the interest of elegance and simplification, I would suggest a uniform fifty per cent.

**14. Export-incentive tax rebate :** Under Section 2 (5) of the Finance Act, 1966 a deduction at 10 per cent from the tax on profits from exports calculated at the average rates is given. There is also another deduction at average rate on a sum equal to 2 per cent of sale proceeds of some of the priority articles. The system is very complicated and on the other hand, its incentive offer on exports is highly doubtful. These reliefs have been withdrawn in respect of profits and sales made from 6th June, 1966. From the point of view of simplification, it is fairly easy to substitute the present system by the simpler one of allowing as a straight deduction a suitable percentage of the profits from exports. This will, however, not meet the case of an assessee when has incurred a loss on exports. Therefore, the deduction will have to be 'X' percentage of export profits so long as it does not exceed 'Y' per cent of total export sales. The present system of deduction at average rate of a sum equal to 2 per cent of the sale proceeds of priority articles is also an inelegant and complicated method. Presumably, it is meant to deal with situations where such exports yield little profits or even result in a loss. In such cases, the deductions can, therefore, only be from tax liability arising out of profits made on internal sales. The whole matter is so complicated that I doubt whether a relief in income tax is at all the correct method of encouraging exports. We have already a fairly widespread system of subsidy, the rates of subsidy being tailored to the exigencies of the internal and external situation. The presumption then is that with subsidies, business will take place and the total result will be profits. These incentives have been withdrawn by the Finance Bill of 1967. What has been stated above is therefore, of only an academic interest unless Government intends again to consider assistance to export through relief in direct taxation. All that I would say at this stage is that prima facie relief in direct taxation is not a suitable means of encouraging exports and should not, therefore, be resorted to until all other and better methods are exhausted.

**15. Inter-corporate Dividends :** At present inter-corporate dividends, i.e. dividends received by a company from another company, are included in the total income of the recipient company, but a partial rebate is given on third parts of total income according to the provisions of Section 85-A. In the generality of cases, the rate of rebate is the difference between the average rate and 25 per cent; in other words, the effective rate of taxation is 25 per cent. There is one exception. A foreign company receiving dividends from closely held Indian companies engaged

in certain priority industries is subjected to an effective rate of 15 per cent only ; that is to say, the rate of rebate is the difference between the average rate and 15 per cent. If it is the intention of Government that the treatment of inter-corporate dividends should continue substantially to be what it is now, I would propose that the same objective can be better and more simply achieved by suitable straight deductions as in many other cases. A deduction of sixty per cent would have practically the same effect as at present. I think, however, that the whole question requires reconsideration. The economic reasons why inter-corporate dividends are treated as they are at present by no means clear. In certain countries inter-corporate dividends have already not taxed at all presumably on the ground that the companies paying the dividends have already paid the tax. It is clearly not the intention of Government to accept this logic or follow this practice. If that had been the intention, the obvious course would have been to exclude inter-corporate dividends from total income. On the contrary, such a concept runs entirely counter to the principles underlying our tax structure. On the face of it, there is no reason why dividends received by a company should be treated any differently from dividends received by individuals. In either case the companies paying the dividends would have paid tax on their income. The special treatment given, to these dividends must therefore, be due to other reasons or, at any rate has to be justified for other reasons. The only relevant consideration I can imagine is a desire to encourage companies to use their surplus funds for investment in other companies rather than in other ways. What are these other ways ? Further investment in the company's own business cannot be regarded as one, because one can presume that in any case it would take priority. Other outlets for funds surplus to the requirements of one's own business are : larger distribution of dividends or lending the money in the form of deposits, debentures, or investment in Government securities or investing in land and buildings for being rented out or in the case of foreign companies, repatriation. Except where the surplus is used for higher distribution of dividends or for repatriation, the income derived by companies by using the funds in any of the ways described would be subjected to taxation like any other income earned by the company. In this context a more favourable treatment of inter-corporate dividends can only be justified as a deliberate encouragement to undertake such investments. Is it Government's policy to give such encouragement ? The answer can only be provided by Government, but certain considerations which I shall set forth will be relevant in this context. Foreign companies which have a right to repatriate their profits may choose to do so rather than re-invest them in India if the

dividends from such investment are taxable in their hands. Similarly, Indian companies which have nearly reached the limit of expansion in their own business may be tempted to distribute larger profits rather than invest in other Indian companies. One could hold the view that in the present context when further investment in companies is badly needed, every encouragement should be given to companies to participate in such investment rather than to repatriate their profits or to distribute larger dividends. One could say by the same token that it is equally necessary to encourage individuals to invest in companies. If for that reason dividends received by individuals are to be given more favourable tax treatment, we would have come full circle to the position that what is hitherto described as unearned income should actually be taxed at lower rates than earned income.

The entire question needs much closer study in the light of Government's intentions underlying the present concessions. These, at the moment, do not seem very clear. The present treatment of inter-corporate dividends seems to have arisen not so much as a result of a deliberate policy-decision but in the course of evolution of the tax structure. During the period when income-tax and super-tax were differentiated, inter-corporate dividends were evidently subjected to full income tax. At the time of integration it may be that this position was sought to be continued, but the burden of super tax was sought to be removed. This would explain the effective rate of 25 per cent, I can see, however, no clear logic in the more favourable treatment given to dividends received by foreign companies only from closely held Indian companies engaged in certain priority industries. This probably sprung from a desire to encourage some particular types of investment which would not otherwise have been made or it might be that when the rate of tax on closely held Indian companies was increased, it was desired at that time that the quantum of return by way of dividends by such companies should not be unduly diminished.

There is another way in which the problem can be looked at. To begin with, it is necessary to distinguish between income tax paid by companies and income tax paid by individuals, although in law both are called income tax. The concept is essentially valid only in the case of individuals. In the case of companies, it can be better described as a corporation profits tax. To say simply "corporation tax" will not do because it will not be a tax irrespective of profits. Similarly the simple word "profits tax" will not do, because profits will include profits earned by individuals also. The corporation profits tax, however, can be distinguished as a separate class by itself. Now a corporation or a company when it has surplus funds which it wants to

deploy in a particular activity has the choice of undertaking the activity itself or creating a new organisation. If in economic terms one method is better, there should be nothing in the tax laws which should discourage that particular method. In other words, the position of a company which undertakes a particular activity itself should not be different from that of a company in a like situation which prefers to undertake the same activity by organising a wholly owned subsidiary company. The profits which it derived from the wholly owned subsidiary should then be treated in the same way as its own profits, i.e., it should bear the appropriate rate of tax once but not more than once. In such a situation, there should be justification for excluding the whole of the dividend received from a subsidiary company from the total income, provided of course the subsidiary company has paid tax before distributing the dividend. It should be noted that on that argument there would be no case whatever, for levying any tax. If this concept is accepted, then one could extend it not only to a wholly owned subsidiary but to subsidiaries which are de facto controlled and managed by the principal company. One could, for example, consider a subsidiary in which the parent company has only a 30 per cent investment as satisfying this criterion. The test always is whether it is an alternative to the direct undertaking of the relevant activity. Even under this concept, there will be little justification for treating all dividend income in the same way as dividend received from subsidiary companies specially organised as alternatives to self management. Odd investments, if one might call them so, should be treated exactly in the same manner as investments in Government securities or loans or deposits. While this distinction is conceptually clear and deserves introduction if it is Government's policy to permit and encourage companies to organise their economic activities in the forms in which they consider most suitable, it will not be easy administratively to distinguish between one kind of dividend and another. To lay on the Income Tax Officer the responsibility of judging in each case whether the investment is an alternative to self-management or whether it is an ordinary investment would introduce many complications and lead to legitimate complaints of arbitrariness. The only way to deal with such a situation would be to provide for declaration in advance of particular companies or subsidiary companies as qualifying for this purpose, but this in turn might entail further complication of a different kind. I hope I have said enough to show that the substantive question of the treatment of inter-corporate dividends requires such closer and deeper consideration as well as a crystallization of Government's economic policy intentions. This subject will

therefore, be dealt with more fully along with other problems of corporate taxation. Meanwhile, I would suggest that for the present, the existing rebates may be replaced by straight deductions of sixty and eighty per cent respectively.

**16 Dividends, fees, royalties, etc., received by Indian Companies from Foreign Companies for Technical know-how :** Under Sections 85-B and 85-C of the Income-tax Act partial rebate is given on dividends, fees, royalties, etc., received by Indian companies from foreign companies as payment for the provision of technical know-how. The partial rebate is designed to secure that such inter-corporate receipt is taxed at an effective rate of 25 per cent. I understand that there are some Indian companies which derive such income. The measure is a token of Government's desire that Indian companies should venture forth into these fields and earn incomes providing technical know-how to foreign countries. I would propose in the interests of simplicity to give effect to the intention with substantially the same incidence, as at present, by allowing a straight deduction of sixty per cent of such incomes.

**17. Dividends distributed by companies subjected to Agricultural Income-tax :** At present under Section 235 of the Income-tax Act recipients of dividends from companies which pay agricultural income-tax are given partial relief in a complicated manner. In the first instance, the total income including such dividend is determined and the tax thereon is calculated. Next, a portion of the dividend is determined. The amount of rebate is determined, however, after more than one calculation is further completed. The amount of agricultural income-tax paid by the companies in respect of the dividends qualifying for rebate is one of the sums. The second sum is the amount arrived at 27.5 per cent of such dividends. In the case of a non-corporate assessee there is a third sum which is the tax on the dividends attributable to the agricultural income of the companies calculated at the average rate for the total income of the recipient. The rebate is allowed by deducting from the total tax payable the lowest of the three sums indicated above. It is obvious that the calculation of rebates granted in this fashion involves complicated calculations, besides the need for the Income-tax Officer of the company concerned to determine in each case the proportion of the dividend which can be attributed to the agricultural income of the company. As mentioned earlier, the spirit underlying the present tax structure is that all dividends should be taxable in the same manner and no research is required into the nature of the incomes from which the dividends are declared. The courts themselves have upheld such a view. Nevertheless, the persistent idea that agricultural incomes ought to be treated more favourably has led to a specific

provision for lower taxation of dividends declared by companies having some agricultural income which is subjected to agricultural income-tax by the State Governments. If this concession is to be continued, it would be desirable in the interests of simplicity to give effect to it by the method of a suitable deduction from total income. I would, however, not propose such a step at this stage, but defer it until the stage when all aspects of the relationship between agricultural income-tax and the Central Income-tax are studied.

**18. Compensation received on Termination or Modification of Managing Agency agreements :** Section 112 read with Section 28 (ii) of the Income tax Act governs the treatment of such compensation. Such compensations received by companies is deemed to be income (although the courts had held that this is not of the nature of income) and taxed accordingly in the usual way. The non-corporate assessees receiving such compensation are, however, treated in quite a different way. One-third of the compensation is added to the total income and the average rate is arrived at. The whole of the compensation is taxed at this average rate, but the rest of the income instead of being taxed at this average rate of the income itself without including the element of compensation. The present position is quite an anomalous. First of all, it is a matter of serious doubt whether such receipts which have been held by courts to be capital receipts should be deemed to be income at all. I do not for that reason suggest that this particular form of capital receipts should not be taxed at all. On the contrary, it should be taxed. The question really is whether for prescribing the rate at which it should be taxed, it is necessary at all to devise a complicated way by arbitrarily adding a portion of it to total income and again excluding it for other purposes. The intention of government clearly is that such capital receipts which are normally received by non-corporate assessees in high income brackets should be taxed at a high rate but not so high as it would be if the whole of the receipts were added to total income. Instead of adopting these involved methods, it would be better to prescribe a specific high rate, say, sixty five per cent which would be five per cent below the highest effective marginal rate. However, the fact that managing agencies themselves will cease to exist after some time considerably reduces the practical importance of this problem. In view of this, one might hesitate to introduce a new specific rate. In that case the alternative may be adopted of continuing to deem the whole of the receipts as income but allowing a percentage of it, say, twentyfive as a straight deduction for all purposes. There may be a ceiling of, say, Rs. 1 lakh on such deductions, so that tax is not avoided by artificially increasing the compensation while reducing the

consideration for shares which may simultaneously change hands. I would, however, consider the method of giving a deduction as definitely the inferior alternative.

**19. Interest on National Saving Certificates (First Issue) and Bank Series of such Certificates :** These certificates can be held by one non-corporate assessee and the provisions of Section 112-A of the Income-tax Act provide in effect that interest from these certificates be taxed at the average rate applicable to what might be called the ordinary total income, i.e., total income arrived at without adding these receipts and other special receipts like managing agency compensation, capital gains etc. Here, the position is both awkward and anomalous. Nevertheless, I hesitate to propose its substitution by the method of straight deduction, because it would result in some cases, in taxation at a higher level than what was indicated as a condition of issue and this would be interpreted as a breach of faith. Complete exemption from taxation would, on the other hand, sharpen the difference of treatment between subscription to this issue and the earlier issues of similar certificates. Exempting the interests on the earlier issue also would involve a concession not particularly called for. Though the position is anomalous, it has to continue to avoid the complaint of a breach of faith.

**20. Short-term Capital Gains :** Sections 45 to 55 and 114 and 115 of the Income-tax Act govern the treatment of short-term capital gains, viz., capital gains arising out of sales of assets within 12 months of acquisition. These gains are treated nearly as income but not quite. In the case of companies they are in fact treated as part of income as they are taxed at the average rate computed after adding these gains to total income, but this rate is not applied to the other ingredients of total income i.e., other ingredients are charged at an average rate based on what total income. There is another way in which the short-term capital gains are treated slightly differently from other income. While capital gains are taken into account capital losses can be set off only against capital gains of that year or of any succeeding year. They cannot be set off against other income. By and large the present position is not unsatisfactory, but necessitates many calculations. In the interests of simplicity which would avoid the need for such calculations, I would propose that short-term capital gains may be treated as income for all intents and purposes. The effect of this would be that other ingredients of income would be subject to a slightly higher incidence of tax, but this will, by and large, be compensated by the fact that capital losses will be allowed to be set off against other income in the case of all assessees, or non-corporate.



21. **Long-term Capital Gains :** The treatment of long-term capital gains, i.e., gains arising out of the sale of assets after more than a year the acquisition is governed by Sections 45 to 55 and 114 and 115 of the Income-tax Act. By and large, the present position is that in the case of companies, long-term capital gains arising out of the sale of lands, buildings, etc., are taxed at 40 per cent and other long-term capital gains at 30 per cent. In the case of non-corporate assessees, capital gains after excluding the first Rs. 5,000 are taxed at half the average rate on total income excluding such capital gains but including short-term capital gains of the year, if any. The capital gains arising out of the sale of land, buildings etc., are, however, taxed at 75 per cent of such average rate. In any event, however, the tax on the capital gains is not to be less than 15 per cent of the gain itself as reduced by a sum of Rs. 50,000. The tax on the capital gain is not taken into consideration in determining the average rate applied to the rest of the total income. Under certain circumstances, capital gains are altogether ignored. The first is when the total capital gains do not exceed Rs. 5,000 and the second is when total income including capital gains does not exceed Rs. 10,000. In economic terms, the position is, by and large, not unsatisfactory. But greater simplicity can be achieved if the present system is replaced by one under which long-term capital gains are treated as part of total income, but specified portions of its area allowed as straight deductions. To keep the incidence roughly as at present, the deduction may be forty per cent in the case of capital gains arising out of the sale of lands, buildings, etc., and sixty per cent in all other cases. As at present, the first Rs. 5,000 may be altogether excluded. The present position, that no capital gain tax will be attracted if total income, the whole of the capital gain does not exceed Rs. 10,000 may be continued. There is no valid reason for the provision that the tax on the capital gain should not be less than 15 per cent thereof and when the concessional rate is to be replaced by a provision for a deduction from income there is no room for such a provision.

22. **Personal Allowances :** The deductions from tax are given by the Finance Act. I am not proposing any change at present, as these are inter-linked with the larger questions affecting the tax structure.

**“Assessment Year”, “Previous Year” And “Tax Year”**

1. A convenient as well as a rational way of approaching the problem of simplifying and rationalising the tax structure would be to draw up a picture, in broad outline if not in detail, of what a good tax structure should be. The determination of the quantum of taxation and the manner of its levy so as to produce the

best economic effects is of course, the major-function of economic policy. In order, however, effectively to translate these decisions, which will naturally vary from time to time according to the exigencies of the economic situation, it is necessary to establish a structure on a stable basis. The broad underlying principles should not only be clear and unambiguous, but as widely acceptable as possible. The citizen should be able to understand clearly what his tax liability is and conditions should be created which will facilitate the discharge of his liability in a smooth manner. By and large, the tax payer should be enabled not only to recognise and understand his liability as well as rights but also to compute his liability without recourse to professional assistance which is often costly. On these tests, there is little doubt that to professional the existing system which has evolved over the last forty-five years leaves much to be desired. The consolidation and codification of the past which is embodied in the Income-tax Act of 1961 has naturally done enough to make the law less complicated or easier to understand. The whole process can be likened to dust gathering even in the most efficiently maintained premises. No one has yet found a method of stopping dust gathering, all that one can do is to organise efficient dusting. At any given time the tax system and tax structure of a country is likely to be somewhat untidy. It would be even more so when there has been no regular sweeping of the cobwebs. It is in such a situation that one efficient act of spring cleaning becomes very necessary if the system itself is not to be choked. But one has to remember that even after it is carried out, there should be a regular and periodical cleaning up process to prevent the same situation emerging again.

I think with effort and determination it should be possible to introduce within a year a considerable amount of simplification and rationalisation over a wide area. Clearly however, it is not possible to introduce changes of such a wide scope in the forthcoming budget in May. Nevertheless, there is one important area to which it would be desirable to give attention even now. I refer to the method and procedures regarding returns of income, advance payment of tax and assessment. The direction in which it would be desirable to move is indicated in the succeeding paragraphs. If this is accepted, it would be desirable, indeed necessary, to make an announcement in general terms which can serve as a notice to tax payers which would enable them to prepare themselves for the new conditions.

2. At present, the Finance Act of each year determines the rates of tax applicable to what is called the assessment year. Thus the Finance Act of May, 1967, will prescribe the rates for the assessment year 1967-68.

They do so only in the case of income from apply to the incomes earned in that year. They do so only in the case of income from salaries. In all other types of income, the rates apply to the income of the "Previous Year". Again, it does not follow that the "Previous Year" means the preceding 12 months viz., 1966-67. For each type of income the "Previous Year" means the accounting year by the tax payer concerned for that source of income. It is only when the accounting year is actually 1966-67 or when no accounts are kept that the "Previous Year" means in fact the previous year, viz., 1966-67. Thus, a particular tax payer can have several "Previous Years" relatable to a particular assessment year. It is the total income of all these "Previous Years" which constitutes the base for assessment on the rates of the relevant assessment year. To the layman all this looks somewhat puzzling. The reasons for the concept of the "Previous Year" is supposed to be the convenience of those engaged in business, who can keep their accounts for a period regarded as most suitable by themselves. How far this convenience is real I shall discuss later. Meanwhile, it is necessary to state that this creates a very anomalous position. Incomes earned in the same period by different people engaged in the same business could be taxed at different rates and by the application of different laws. Thus, the rates and other provisions of the Finance Act, 1967-68, would at present be applicable to any "Previous Year" ended between 1st of April, 1966 to 31st March, 1967. For example, let us take the case of a tax payer who closed his account on 31st May, 1966. That year would be the previous year to which the Finance Act of 1967-68 will apply. On this income from the same business in the remaining months of 1966-67 his tax liability would be determined by the Finance Act of 1968-69. But then another tax payer in the same business who closed his accounts on the 31st March, 1967, will be taxed according to the Finance Act of 1967-68. For the common period of 10 months for these two tax payers engaged in the same business, different rates of taxation and may be different concessions could apply. This is in economic terms a clearly anomalous position.

3. I have already referred to the fact that the rates and laws applicable to income from salaries are somewhat different from the rates applicable to other sources of income even for the same individual. I think that these anomalies should be removed. Apart from these, the tax laws enacted every year apply retrospectively and not prospectively in a large measure. They are prospective only in the case of income from salaries. It is hardly necessary to argue at length why this is not sound in principle. The Finance Acts not only prescribe rates

but often provide incentives or disincentives. Obviously they can have no meaning unless they are prospective. I would, therefore, strongly recommend that ordinarily all provisions of the Finance Acts should apply prospectively, at any rate as regards the rates of tax and incentives and disincentives. For legal and other reasons, there might be special cases which require retrospective treatment, but these should be few and far between. To put the whole matter in simple words, we should start with the position that the tax payer should know before hand his tax liability for any given tax year. The rates as well as other provisions should uniformly apply to income earned in that tax year.

4. It is of course possible to legislate that from now onwards Finance Acts will generally apply prospectively without changing the present ways of relating assessment year to "Previous Years". But much of the advantage of doing so would be lost if we merely stop at this reform. It would, in my view, be both logical and economically desirable to apply fully and comprehensively the concept that the tax liability as well as rights of every citizen will apply to the income earned in a given tax year. In other words, the citizen should know before the end of March, 1968, the tax rates and other provisions which will apply to the income earned by him in the tax year 1968-69, so that he may order his affairs accordingly. This means the total abolition of the concept of "Previous Year". This is likely to be objected to on the ground that people will be compelled in effect to change the accounting years to which they are accustomed. Of course, they will be free to maintain the accounts for whatever period they like, but their tax liability will relate to their income arising in the tax year. Those who choose to maintain accounts for a different period will have to accept the extra burden of preparing separate accounts for presentation to the tax authorities. But it will be clearly within their hands to get rid of this burden by adopting the tax year as their accounting year. Sentiment and habit apart, I do not see why this need really be a hardship. There may of course be a few cases where because of the nature of any particular business, a different accounting year may be more suitable. If the advantages to be gained by adopting the different year outweigh the disadvantages of having to prepare accounts relating to the last year, they would no doubt continue to do so. If the advantages are less than that, then there is no reason why the entire tax system should be distorted and many other possible benefits foregone for the sake of the marginal convenience of a relatively small, and probably dwindling proportion of people.

5. The advantages to the administration of everybody adopting the same accounting year are manifest. Tax statistics will suffer much less distortion than they

do at present. It will be far easier to relate tax statistics to other production and commercial statistics. Cross checking of transactions will become much easier. "Whitewashing" of balance sheets in collusion with one another will be difficult. Once the transitional period is over, it will be of advantage to everybody. In these circumstances, I think it would be well worth while in the larger interest to provide a strong incentive for everybody to adopt the same accounting year by introducing a single tax year which should of course be co-terminus with the financial year of the Government. It may be mentioned in passing that what I propose is nothing very abnormal. The corporation tax in the U.K., for example, relates invariably to the profits of the financial year irrespective of the accounting years of the companies concerned.

6. The change over to the new system will involve some transitional arrangements. These should not cause undue difficulty either to the tax payer or to the administration. The best course would appear to be to provide for one extra assessment for the broken period between the end of the "Previous Year" and the beginning of the next tax year. The rates and other concessions applicable could be projected on a 12 months basis and appropriate average rate derived. Much the same result could be obtained by the alternative of a longer year which would include the broken period for computing total income but applying the average rate.

7. Once the fundamental principle is accepted that the tax rates and other provisions of Finance Acts will apply prospectively to the income of the next tax year, it would be necessary to devise a provision for what is now called advance payment of taxes in accordance with the spirit of the new scheme. We could start off with the general idea or principle that the tax liability of a citizen is not only for paying the amount calculated by applying the rates and other relevant laws to the income of the tax year, but to pay a substantial part of it, say 75 to 80 per cent, during the tax year itself. In other words, taxes should be paid while incomes are being earned. In reality this is not anything very new. At present, taxes are deducted at source in the case of incomes from salaries, dividends and interest on securities, etc., while advance payment of taxes through a cumbersome and elaborate system is insisted upon in the case of other types of income beyond certain limits. In either case, the assessment which in legal terms in the final determination of the correct tax liability comes much later. The very expression "advance payment" gives the flavour that people are asked to pay taxes before they are due. The use of this expression may, therefore, be discontinued and we may simply state facts as they are, viz., that a substantial proportion of

the final tax liability should be discharged within the tax year. It can only be a substantial proportion for the simple reason that the income of the tax year will be clearly known and realised only a few months after the tax year. For this purpose, a relatively simple of "pay as you earn" can be devised.

8. One ingredient of this system will be the continuation of deduction at source could be somewhat enlarged by prescribing deduction at source in the case of interest payments by banks and such other institutions over a certain amount say, Rs. 100 and also in the case of other payments made by companies or other organised entities which are prima facie clearly in the nature of income, e.g., contractual payments to cinema artists, journalists, fees for professional services paid by companies, etc. Except in cases where there is no difficulty in the matter of recovery of tax on assessment, the two tests should be—(a) the payments should be in the nature of income; and (b) the obligation to deduct at source and make the payment to the tax authorities by deposit in the treasury should be imposed only on those who are capable of discharging it. A suggestion has been made that a suitable deduction should be enforced in respect of payments to contractors. Applying the tests I have mentioned, I do not think it would be advisable to accept this suggestion, at any rate, for the present. Firstly, the payments are not clearly or wholly in the nature of income; a presumption has to be made that a given percentage of the payment is likely to emerge as income. It could well be argued that this may or may not happen. Secondly, the obligation is liable to fall on many individuals who are clearly not in a position to fulfil it. This suggestion as well as other possible ways of extending the scope of deduction at source can be considered again after the method of payment of taxes has been so simplified that the ordinary citizens will be able to make payments without pain and without danger of leakage of funds.

9. At present, a rough equivalent of the system of "pay as you earn" is provided by the "advance payment of taxes". This obligation extends to all who derive an income of more than Rs. 6500 from all sources except those subject to deduction at source. Ordinarily, the tax authorities issue a notice calling for advance payments in four instalments. The amount is calculated with reference to the income of the last completed assessment or provisional assessment. On this income, the rates of the current Finance Act are applied though for purposes of final assessment different rates would apply. On a receipt of the notice it is open to the tax payer to file his own estimate of the income and pay his advance tax accordingly. Naturally, he will do so only when his estimate is lower than the income of the last completed assessment. The

tax payer has the option to submit such estimates any number of times during the course of the year. Equally, the tax authorities have the right to issue fresh notices if in the course of the year another year's assessment or provisional assessment is completed. Even this sketchy description of the present system shows how complicated and unrealistic it is. The advance payment does not even purport to be calculated at anything resembling the income of the relevant year but on the income of some years ago. The option given to the tax payer to file his own estimate enables him to pay less than what he is called upon, but does not enable the tax authorities to collect more, even though the income of the current year may be much more. Undue under-estimate by tax payers is of course sought to be prevented by the provision that if the estimate errors by more than 25 per cent, the tax payer will be subject to penal interest and even penalty of the under-estimation is deliberate. The only virtue of the system of notice is that failure to pay what is demanded or failure to make at least a payment based on the tax payer's own estimate, constitutes a default and attracts the coercive provisions of the law. I think that it should be possible to replace this complicated procedure by a simple requirement that the tax payer should of his own accord pay, in suitable instalments, at least a prescribed percentage—say 75—or 80—of the tax liability as computed by him on his own estimate of income for the current year which is the tax year. This requirement could be embodied in the law.

10. In the earlier part of the year the tax payer himself may not have as clear an idea of his own income as towards the close of the year. It would, therefore, be reasonable to prescribe, for instance, that 20 per cent of the tax liability calculated by himself on his own estimate of income should be paid by the end of July. He may be required to pay by 30th of November, 50 per cent of his total tax liability and the balance of 30 per cent before the end of February. At all stages, the tax payer should be left to compute his own liability on his own estimate. Penalties for under-estimation beyond 20 per cent should be made heavier than what they are now when the penal interest is hardly a deterrent while deliberate intent is difficult to prove. It is only in cases of those assesseees whose income is known to be coming in only in the latter part of the tax-year that there may be an exemption from paying the first instalment. Within 3 to 6 months of the close of the tax year, the tax payer should be required to submit his return and along-with it to pay the balance of his liability as calculated by him.

11. On an examination of the tax statistics of 1963-64, I consider that the obligation to pay as you earn need be enforced only on those earning income of over

Rs. 20,000 besides of course all companies. Out of a total tax revenue of Rs. 281.8 crores in that year, the contribution of assesseees with incomes upto Rs 20,000 amounted to only Rs. 31.6 crores or 11 per cent of the total, and some of those assesseees are companies. Yet this class accounts for 1,054,944 assesseees out of a total of 1,178,024 assesseees. The amount of work and follow up action required to realise these dues within the year is clearly not worthwhile. If, however, it is desired to be exceptionally cautious, the limit could be fixed at Rs. 15,000. But generally speaking even those who are exempted from the obligation to pay as you earn should be required to pay along with their return the tax as computed by them. One could, however consider exempting people other than companies with, less than Rs. 10,000 income even from this obligation.

12. There must of course be some method of ensuring that tax payers do pay as they earn. To enforce the obligation, some method of creating a condition of default when no payment at all is made by the latest prescribed date is clearly necessary. For this purpose, it could be prescribed that when a tax payer already in the register does not make any payment within the stipulated time, he could be deemed to be in default to pay an instalment of tax determined on the basis of his last completed assessment or provisional assessment. It goes without saying that a condition of default would also be created if having filed an estimate and paid the first instalment, he fails to pay the second or later instalment at least on the basis of this estimate. As the obligation to pay as you earn will be confined to tax payers with income of over Rs. 20,000 (or Rs. 15,000), the number of assesseees may only be of the order of about 2,00,000 at the most. It could be provided that in all these cases the Income-tax Officer concerned will issue a notice soon after the last date prescribed for the first instalment. It should of course be made clear that the notice is essentially by way of a reminder and that the failure to issue notice will in no sense be interpreted as reducing or nullifying the obligation of the tax payer. The notice may, however, make it clear that failure on the part of the assessee to pay any tax according to his own estimate has rendered him liable not only to penal interest but coercive action for recovery of a sum calculated.

13. For the successful working of the kind of arrangements proposed, it would be essential to provide for the upto date maintenance of "ledgers", at least for those who are obliged to pay instalments of tax during the year. Each tax payer should be assigned a suitable registration number. The procedure for payment should be made simpler and easier than it is now. At present, payment can only be made against a challan which has to be issued by the Income-tax Officer. A lot of available

work for the administration and avoidable trouble for the tax payer is caused by this elaborate system. There is scope for considerable simplification of this system, the essential ingredients of which are : (1) what the tax payer gets a receipt, (2) the treasury or bank receiving the payment is able to identify the nature of the payment and intimate the correct authority, and (3) the correct authority receives the intimation. It should be possible to arrange for the tax payer making payments direct to the treasury by cash or through his bank quoting his registration number only and without the necessity for obtaining a challan from the Income-tax Officer. A payment system of this character should be introduced as early as possible to begin with for those obliged to pay as they earn, and should be extended expeditiously to all other cases. Apart from serving the particular purpose indicated a system of registration numbers will facilitate administration generally in many ways, particularly in rendering 'Benami' transactions more and more difficult. Today even the public at large, not to mention the comparatively narrow class of income tax payers, are quite accustomed to this type of registration number. Even the ordinary citizen has become quite used to dealing with motor vehicles registration numbers, Insurance numbers, Health Certificates numbers, Ration Cards, Milk Cards, and so on. There is, therefore, good reason to believe that the system of Registration numbers will be generally welcomed by the tax paying public.

14. The system of registration numbers should be matched by the maintenance by the department of ledgers which would show exhaustively and upto date the claims between the tax payer and the Department. The present system of accounting is far from satisfactory from this point of view. At present, payments are balanced against specific tax demands and the accounts are kept together for all tax payers in one circle. This means that while a payment is due from a tax payer in respect of one year, a refund to him in respect of another year may well be paid. Similarly, tax demands for a particular year may even be followed up by coercive processes, even though the claims of the tax payer on the Department may be more than the demand concerned. A ledger account for every tax payer will avoid all these difficulties. An upto date maintenance of such ledgers can by no means be regarded as a difficult task considering that banks all over the country maintain millions of ledgers successfully.

15. The introduction of arrangements of the kind proposed will itself reduce a great deal of work in the income-tax offices and will thereby release time for devotion to more fruitful activity. Simultaneously, a simpler system of payments combined with proper and upto date maintenance of ledger accounts will generally

increase confidence in the general body of tax payers and will thereby serve to smoothen the whole process of the administration of the tax offices. I shall be dealing with some of these matters in greater detail at a later stage. Meanwhile, I would suggest that Government may make a suitable announcement so as to prepare the tax payers for the period of transition.

#### Distribution Of Work Among Income-Tax Officers On A "Functional" Basis

1. The Secretary, Revenue Department, referred to me a proposal under their consideration for introducing a "functional distribution of work" in all matter relating to the assessment and collection of income-tax. He has expressed the view that even the experience gained over a few months of the working of Pilot Projects in this regard have shown encouraging results by speeding up, disposal of cases and of collection of taxes. These experimental schemes have been introduced without adequate legal backing. It has, therefore, been suggested that the necessary legal backing should be provided without delay by suitable amendments of the Income-tax Act. Secretary, Revenue Department, has asked me to study this proposal and to give my recommendations. He has further expressed a wish that every attempt should be made to include the necessary amendments in the next Finance Bill.

2. After a first and very tentative look at the problem, I feel that a closer study, which might take a few months, is required before recommending legislative action. These are many ticklish issues involved, some of them of a legal character. The Secretary, Revenue Department, however, feels that the Pilot Projects having indicated great promise of improvement, no time should be lost in providing a legal basis for their strengthening and extension. In view of this opinion and of the undoubted fact that no opportunity for speedier disposal of work and better collection of taxes should be neglected, I shall venture, though with considerable hesitation, to express my tentative view.

3. I shall first try to state the problem in simple terms. Under the present Income-tax Act, the "tax authority" par excellence or the kingpin of the whole structure is the Income-tax Officer. Most of the powers conferred or the duties enjoined by the Act are laid on the Income-tax Officer. Compared to this area, the specific powers conferred on Assistant Commissioners or Commissioners or Appellate Authorities or the Board are few. The jurisdiction of each Income-tax Officer is defined with reference to a particular area and a particular class of assessees. Thus, jurisdiction belongs to one Income-tax Officer and one only in the case of every assessee however, varied may be the sources of his income. This as it should be, because the basic act in the deter-

higher authorities which have delegated the powers. Litigious citizens may try to cause annoyance by insisting on sending their returns or representations to the central authority. They may express resentment or cause difficulties when they are told to approach the authority to whom that particular power has been delegated. At a more practical level, files may have to travel more and more frequently. The scope for delay, and some may allege even interference, will increase. At any rate, the feeling will grow that the citizen may have to bear the burden of keeping a track of the movements of his file if he is not to suffer delay or injustice. I am not suggesting that for these reasons the consideration of the proposal should be altogether given up. Closer examination may reveal ways in which the kind of difficulties I have mentioned could be overcome or eliminated. In mention these points at this stage only to suggest that it may not be altogether wise to introduce a scheme of delegations downward from the highest authority without a close and detailed study of the follow up arrangements required.

7. I have stated earlier that the benefits of a better distribution of work could be substantial. The fact that I recommend further consideration of the proposal discussed in the previous paragraph does not however, mean that alternatives which would reasonably satisfy the main criteria I have indicated cannot be introduced earlier either as permanent measures or as steps towards a further reform. One possible alternative could be somewhat as follows.

8. The key tax administration unit may be the circle in charge of an Inspecting Assistant Commissioner. The tax payer's relations will be with one circle and with one circle only. In the case of each assessee the Inspecting Assistant Commissioner should determine the Income-tax Officer in the circle responsible for each of

the functions arising in his case and the designation of such Income-tax Officers should be intimated to the assessee. The assessee should be entitled to be heard by the concerned officers on all matters wherever a hearing is necessary and only the officer who gives the hearing will pass the appropriate orders. This will introduce functional distribution of work but a particular function will vest only in a particular Income-tax Officer. At the same time, the citizen will receive an adequate opportunity to be heard. This suggestion is in the nature of a compromise and like all compromises, it would secure some but not all the advantages and remove some, if not all, the difficulties. Thus, the test that the citizen should not be left in doubt about the officer with whom he should deal is substantially satisfied, because he will clearly know the officer who will be responsible for the assessment and each of the other functions relevant to his case. The fact that notices and subsidiary orders may be dealt with by more than one officer in the same circle should not unduly worry the average honest tax payer. From the point of view of administration, there will be sufficient scope for distribution of work according to work load and function.

9. I understand that even after legislation is immediately enacted for conferment of powers on the Board and providing for delegations the intention is that the new system will be introduced de facto only gradually and by stages. The pace will of course depend upon manpower and administrative capacity. If this be so, I think there is all the more reasons for making a beginning with the kind of limited re-arrangement as I have indicated. The essential purpose of not losing time in introducing a promising reform will be substantially served. At the same time, the question of a more comprehensive reform can be examined calmly and in detail.

## ADMINISTRATIVE REFORMS COMMISSION, WORKING GROUP ON POLICE ADMINISTRATION, 1966—REPORT

New Delhi, Administrative Reforms Commission,  
1967. 523p. (mimeographed)

Convenor : Shri S. Balakrishna Shetty.  
Members : Shri B.B. Misra ; Shri Y.P. Nair ; Shri  
A. Gupta.  
Secretary : Shri G.K. Kasture,

### APPOINTMENT

Working Group on Police Administration was  
constituted by the Administrative Reforms Commission

all levels.

7. (a) Even in dispersal of unlawful assemblies, the powers of a station officer are concurrent with those of the Magistrate. The regulations about consultation with Magistrates in this respect cannot override the law.

(b) Police have considerable independence of action while acting in right of private defence, under Section 23 Police Act, and Sections 149, 151 and 157 Cr. P.C. Such independence should be preserved and enhanced in a progressive police force to make it effective and more responsible.

8. (a) The Chief Constable, as observed by the Royal Commission in U.K. is virtually uncontrolled in several spheres of police work. The Control of Justices of peace has fallen into disuse. The disciplinary control of Watch Committee is not intended to make him change his policy or actions. Local authority can only give him advice, but no directions, and the responsibility for the decision is entirely that of the Chief Constable.

(b) Even while seeking to introduce some democratic control over the police, the Royal Commission clearly stated that the Ministers would have no powers of direction, but only a general duty to ensure that the police operate efficiently. Responsibility for enforcement of law is of the police themselves.

(c) Principles regarding control and accountability of police in U.K. may be taken as a guide while chalking out the lines or police reforms in India.

9. (a) In the context of our constitutional set-up and our development, the administration of the police must vest in the State Government, and the democratic control over the Police, to the extent it is compatible with functional independence, may continue to be exercised by the Government and the Minister who represent the people. No change is therefore, recommended in Section 3 of Police Act, 1861.

(b) The State Government's responsibility may extend to efficient organisation of the police, its strength, equipment, ancillary services, finance and so on. They may lay down broad policies in this respect.

(c) It is hoped that proper conventions may develop in this respect.

10. At the operating levels below the Inspector General of Police, there should be complete organisational and functional independence of the police under the direct operational command of the I.G.P. Who himself should be under the democratic control of the State Government.

11. (a) Decentralisation of police administration to the districts is not recommended. Our police forces are properly organised on a state basis. There is a trend towards centralisation even in admittedly decen-

tralised systems.

(b) If ever the move for decentralisation is considered, the need for ensuring complete functional independence and impartiality may have to be seriously taken into account.

12. The full advantage of the reform relating to the separation of the judiciary from the executive did not accrue, as far as our police are concerned, because of the super-imposition of a new class of executive magistracy, but for which all executive functions of police Administration would have been entrusted to police.

13. (a) In the light of the principles enunciated by the Lokur Committee, if Executive Magistrates are to pass only administrative or executive orders, the need for a Magistrate for this purpose becomes difficult to understand for a well organised police force under its own officers as an executive agency for maintenance of law and order becomes superfluous.

(b) The term "Executive Magistrate" is a contradiction in terms and in principle.

(c) The conception of the police and magistracy being jointly responsible for maintenance of order is no longer valid. The control of Justices of peace has fallen into disuse in England.

(d) Executive functions of peace keeping should be vested in the police. A single executive agency will be more effective.

(e) All preventive powers of non-judicial nature may also be transferred to the police so that crime prevention becomes an exclusive responsibility of the police.

14. (a) Various Provisions of the Cr. P.C. should be re-examined with a view to classifying them into two broad categories of judicial and executive procedure as suggested in Appendix X.

(b) Magisterial duty pertains to judicial field and not to purely executive actions. Hence Magistrates, judicial or others be divested of any functions of purely executive nature.

(c) As in England, all regular powers of law the field of maintenance of order should be vested in police officers. Though Judicial Magistrates may have concurrent powers to issue such orders, they may act only in grave emergencies and in the absence of appropriate executive officers. This practice has been followed in Bombay, Calcutta and Madras. It is only proper that authority to issue orders under Section 144 should be vested in the police officers on whom rests the principal duty of preserving order and averting serious situations.

(d) Regulatory powers not only under Cr. P.C. but also under the Police Act may be vested in the Police Officers of appropriate status as recommended in Appendix X.

15. Scheme of separation of judiciary from the



executive is not a fair-weather arrangement. It is a directive principle of the Constitution and should be treated as an article of faith.

16. Powers of the police should be commensurate with their duties and responsibilities. Extraordinary solicitude for the accused and discreditable limits placed on the admissibility in evidence of confessions recorded by them which were occasioned by the performance of the police in the past, have tended to ignore the victims of crime and the interests of society. In the interest of community, the investigations should not be cramped. The need for substantial changes in law suggested by Shri Lal Bahadur Shastri as early as 1949 may be recognised.

17. The defects in the organisation should be removed at once to ensure unity of command, close and effective supervision, and a smooth flow of authority from top to bottom. The strength, quality and morale of the personnel should be improved.

18. A carefully planned action on a all-India basis with central assistance to provide finance and allocate priorities for modernisation of the police is essential.

19. A time has come for enacting a new and comprehensive legislation for the police of the whole country in respect of functions, status, powers, organisations, supervision, accountability, conditions of service etc., appropriate to the needs and compulsions of the present day.

20. The key of police efficiency has to be found in good public relations. Voluntary assistance of law abiding citizens should be sought by orienting the administrative set-up to this pressing demand.

21. There is need for a forward looking policy in police reforms. The problems should be viewed in the context of 'what ought to be' and not 'what has been'. At this crucial juncture dangers of vague and amorphous approach should be avoided.

### Chapter III

#### District Police Administration

1. (a) The British had continue the old and decaying village police system mainly because of financial consideration. Since Independence, a general consensus of opinion has developed in the country that the old system has outlived its utility and needs to be replaced by a more dynamic organisation. As suggested by the symposium on crime prevention organised by the C.B.I., the existing village watchman should be immediately replaced by 'Gram Rakshaks' to be enrolled under Police Act and placed under the control of the superintendent of Police. Simultaneously the beat constable system should be rapidly extended to cover all areas effectively and to take police service to the doors of the

people.

(b) Experiments carried out in various States after independence show that it is inexpedient to make Panchayats responsible for rural policing agency to them. The Panchayats should have no control over the 'Gram Rakshaks' though they should be respectful to Panchayat leaders and seek their cooperation in formation of village volunteer forces.

(c) All encouragement should be given to the village volunteer forces.

2. The Police Stations should be transformed into real centres of professional service to the people so that the citizens in distress are encouraged to approach them for assistance.

3. For prevention of crime, the organisation of all progressive police forces is based on 'beat system'. The reforms in the Police Station set up should primarily aim at creating a net work of beats.

4. The provisions in State Police Manuals based on the report of Police Commission appointed in 1902 laying down that duties of constables should be of a mechanical and repetitive character, and not involving exercise of discretion and judgement, should be abrogated. Constables should be able to work, behave and act like officers. There should be full-fledged 'beat officers' and their status should be equated to that of class III officers.

5. The Police force should be divided into civil and armed branches and requisite priority should be given to reforms in Civil Police who are in constant contact with the people, in order to improve day to day service to the Community.

6. In order to ensure honest and upright police work, police powers should be entrusted to carefully selected and properly trained men of character. They should be adequate in numbers, trusted by law and paid well to be above temptation. They should also be closely supervised departmentally.

7. (a) The criminal law, which puts minimum trust in the Police, creates serious handicaps for them. Law and procedure with respect to the duties of the police should be so amended as to enable them to achieve tangible success by working honestly and without resorting to extra-legal methods.

(b) Section 103 Cr. P.C. should be so amended as to allow Investigating Officers to call as witnesses even persons not residing in the locality.

(c) Literate witnesses should be required to sign their statements recorded by the police during the investigation under Section 161 Cr. P.C.

(d) The word 'truly' should be inserted after the word 'answer' in Section 161 (2) Cr. P.C. to make it incumbent on every witness to tell the truth. The evil of perjury is rampant and investigation is hampered due to

lack of such a provision.

(e) Scope of Section 162 should be widened to admit statements recorded by police during investigation both to corroborate as well as to contradict a witness by either party. Even the non-confessional statement of the accused should be admitted as it represents truth at first blush of events and shows his untutored defence.

(f) In Section 172 Cr. P.C. the words "day to day" should be substituted by "as soon as possible and in any case not later than a period of one week". Impracticability of complying with the present provision sometimes leads to the malpractice of antidating case diaries.

(g) Law of confession in India often shuts out valuable evidence and leads to failure of justice. It is also very derogatory to the police, who should be given at least the same credence as any other member of the public. To start with confessional statements recorded by A.S.P./Dy.S.P. in all cases and those recorded by Inspectors and Sub-Inspectors in minor cases punishable with imprisonment upto 3 years may be made admissible in evidence, subject to safeguards on the lines of Judges Rules in England or other safeguards as may be deemed necessary. Sections 25, 26, 27 of the Evidence Act and Section 162 Cr. P.C. may be amended suitably.

(h) There is no provision in the general law for taking blood samples, specimen of type written documents, hair, nail clippings, etc., from the accused. Needs of scientific investigation indicate the desirability of a suitable provision in law.

(i) Modern investigations necessitating reference to various experts cannot be completed in 15 days. Section 167 Cr. P.C. should be suitably amended to give time for investigation beyond 15 days.

(j) Section 94 Cr. P.C. should be suitably amended to authorise the police, to order the accused to produce from his custody documents which do not contain his personal testimony.

(k) Section 95 Cr.P.C. may be so amended as to enable orders to be obtained on postal authorities to deliver to the police documents which are not only in their custody but are expected to be received in future.

8. Since investigation work is a matter of a great responsibility, no officer below the rank of sub-Inspector should be authorised to conduct investigations.

9 (a) There should be one Sub-Inspector and one Assistant Sub-Inspector for first 60 cognizable cases. For every additional 60 cases or a fraction thereof, there should be an additional S.I.

(b) If the area of Police Station exceeds 75 square miles or population is more than 50,000 there should be an additional S.I. for other work.

(c) Officers in charge of import and Police Stations

should be Inspectors.

(d) Separate staff should be provided for miscellaneous duties.

(e) There should be periodical review of yard sticks for calculation of manpower for the police stations.

10 (a) The investigation staff should be separated from the Law and Order staff at the level of Sub-Inspectors in towns with a population of 1 lakh and above.

(b) For other areas, special investigation squads should be established for every district to deal with specialised type of crime.

11. District Crime Branches should be started in each district to collect and disseminate information, maintenance of modus operandi indices and tendering advice to Investigating Officers.

12. (a) 'Crime Prevention Branches' and 'Juvenile Aid Bureaux' may be progressively organised in consonance with modern ideas on crime prevention.

(b) As a first step, District Crime Branches should be developed into Crime Prevention Bureaux by gradually expanding their activities in the field of crime prevention and suitably augmenting their staff.

13. For successful application of science to criminal investigation, investigating officer should have aptitude and training in scientific investigation; and easy access to Forensic Science Laboratory.

14. Indian Police are handicapped by a woeful lack of modern equipment. Minimum Scientific facilities and other technical aids recommended by I.Gs. Conference (Appendix I) should be provided at various levels.

15. The number of Detective Training Schools and their capacity should be expanded so that all important police stations could be placed in charge of officers trained thoroughly in scientific investigation.

16. Police officers should be attached to foreign police forces to study how science is used at the local level of enforcement.

17. For improving the medico-legal facilities in the country, the recommendations of the Survey Committee, 1954 should be fully implemented as early as possible.

18. (a) The Law Commission recommended complete separation of the prosecution agency from the police, but the I.Gs. Conference unanimously felt that the Investigation and prosecution agencies should be coordinated under the guidance of one officer. There should be a permanent and integrated prosecuting agency for Sessions as well as Magisterial Courts in a district under a District Public Prosecutor. While such a prosecuting agency may remain functionally separate from the investigating agency, coordination at the district level should be ensured by the S.P., who should

police have a statutory duty to perform in protecting life and property and bringing offenders to justice.

## Chapter IV

### Operational And Administrative Responsibility Of The District Superintendent Of Police And The Role Of The District Magistrate In Police Administration

1. The subject needs to be approached dispassionately without past administrative prejudices to find out what set-up would best serve the needs of the people.

2. There should be complete organisational and functional independence of the police in the districts under the direct operational command and control of the I.G.P., who would himself be under the democratic control of the State Government. Such a set-up would be the best from the point of view of the people as well as the administration.

3. The police was conceived as a distinct department under its own officers. But the chain of command was broken by placing the District Police under the control of the District Magistrate. The original intention of Lord Harris, the Governor of Madras to deprive the District Magistrate of his control over the police was departed from when Sir Charles Trevelyan, a civilian, became the Governor of Madras. While defending the combination of functions in the D.M. in reply to criticism of the Police Bill, Sir Bartle Frere admitted it to be a 'Compromise', and expressed the hope that at no distant date, reform would be carried out throughout India. This pious hope did not materialise; and contrary to the warning of the Police Commission of 1902 regarding undue interference by D. Ms. in police administration, their control was extended further probably due to political expediency. On the eve of Independence, when the question of separation of the judiciary from the executive was considered, the Lokur Committee in Bombay also had to ensure that its proposals do not 'weaken the authority of the Head of the District or make it difficult to maintain law and order'. They had to recommend the creation of a new class of executive magistracy and brush aside a concrete scheme furnished by the then Chief Justice of Bombay, envisaging that the S.P. and not the D.M. should be responsible for maintenance of law and order in the district.

4. The present system, which is called illogical by J.C. Curry and which was based on a compromise on principle, has been described as good enough by Bihar, U.P. and West Bengal Police Commissions, whose thinking on the subject did not go beyond concurring with the views of the Frazer Commission which examined the question in an entirely different context more than 60 years ago.

5. The Maharashtra Police Commission have opined that it is necessary to have and show confidence in the force and its abilities, and a beginning may be made trusting of the S.P. under the Supervision of the D.I.G. and I.G.P. with the normal duties.

6. Considerations of functional independence of the Police and the need for professionalisation warrant the removal of the control of the Executive Magistrate over the police and making departmental leadership at the district level fully responsible for all actions of the Police.

7. The Police Commission of 1902 had opined that the D.M. should have the authority to interfere in the work of investigation. This position is reiterated in Police Manuals. However, as observed in S.P. Jaiswal Vs. the State of Punjab, 1953 Cr. L.J. 1018, the provisions of the Police Act do not override the provisions of the Cr. P.C. and the D.M. has no powers to issue directions to the police during the investigation of cases, unless he is acting as a Magistrate under the Cr. P.C. such a position would not obtain after the separation of the judiciary from the executive. Moreover, even a Judicial Magistrate has no power to require a report under Section 173 Cr. P.C. in a particular manner. Therefore, any control expected to be exercised by the D.M. would be ill-conceived, extra legal and inconsistent with the 'Rule of Law' apart from the fact that it may amount to interference in the judicial process. Hence it is absolutely necessary to recognise the statutory and exclusive responsibility of the S.P. in the field of investigation of criminal cases and enforcement of law in the district.

8. The D.M. is no longer the 'connecting link' between the executive and judicial functions of the administration. Hence the term Head of Criminal Administration is now a misnomer. In the interest of Justice and fairplay, no single functionary ought to combine the powers of investigation, prosecution and trial; and be designated as 'Head of Criminal Administration'. This concept thus furnishes no ground for continuing the present arrangement.

9. The D.M. has no time and aptitude to look after the work of the prosecuting agency as a result of which prosecution of serious cases suffers. Detailed recommendations for functional separation and re-organisation of the prosecuting agency and entrustment of co-ordinating role of the S.P. have been made in Chapter III, (Paragraph 3.54 to 3.59).

10. (a) In the maintenance of public order there is need well defined control and direction. Delays associated with consultations and securing prior concurrence have to be avoided. Instances of delay as a result of difference of opinion and unhappy relations between the S.P. and the D.M. are numerous. The present arrange-

ments freeze all accumulated police experience in the executive sphere and D. Ms. overloaded with work are forced to depend on their Additional or Deputy Magistrates. Only 2 per cent of their time is spent on law and order. They are young, untrained and inexperienced and hardly spend 2-3 years in the district throughout their service. Police officers, by their training and experience, are better suited to handle law and order situations than an average D.M. The D.Ms. generally do not take decisions except on police report. Even when the police act in the presence of Magistrates they find themselves the principal accused in the subsequent enquiries. The people, the press and the legislature generally feel that the police are responsible for failure of law and order machinery. The Magistrate's role is generally forgotten. S.P.'s responsibilities are more real and substantial than those of the D.M. which are merely theoretical. Power must go with responsibility and the lack of confidence in the S.P. should be removed. He should be made completely independent and fully responsible for maintenance of public order. Otherwise there will be delay and diffusion of responsibility and the public interest will suffer.

(b) The law and order problems have been handled creditably by the police without the guidance of magistrates in big cities like Bombay, Calcutta and Madras. The system is recently extended to other towns. As such there need be no apprehensions about removal of D.M.'s control.

(c) A serious consequence of the present system is that the magistracy has come to lose respect of the people. Magisterial enquiries generally evoke no confidence and judicial enquiries are invariably demanded. In order to generate greater public confidence in police administration, it is better to separate the police from the magistracy and subject their actions, as occasion arises, to independent judicial scrutiny.

11. The distribution of powers under the Cr.P.C. between the Judicial Magistracy and the Executive Police may be carried out on rational lines as suggested in Appendix X.

12. The contention that D.M. functions as a 'Shock absorber' is misconceived. Shock absorbers are needed for the administration if the police are used in a coercive manner. In a free society, such a theory prevents police public relations from being placed on a sound footing, unhappy State of police, public relations is due to the fact that magistrate—supported police cared little to obtain public approval of their work in the past. A society which has to be protected from its own police needs for more ambitious scheme of police reforms than a mere device of shock absorption. The public relations, in fact, need to be tackled more positively than defensively.

13(a) The problem of redress of citizens' grievances is closely linked up with the discipline and morale of the force. In the interest of proper leadership, it is essential to leave matters relating to discipline and redress of public grievances entirely to the police. The disciplinary powers cannot be divided without weakening the authority of the police executive. Serious inroads made into this field by various police regulations need to be removed.

(b) Genuine redress of grievances can come only from S.P. and the higher authorities D.M. has no machinery at present to get enquiries made into complaints against the police. All petitions are generally forwarded to S.P. for disposal. After separation of Judiciary, the D.M. would have no authority to take cognisance of complaints under Section 202 Cr. P.C. Moreover, in view of the inadvisability of entrusting investigation of complaints to an authority outside the Police Department, which has been clearly pointed out by the Royal Commission in U.K., the D.M. or any machinery under him has no role to play in their field. A detailed Scheme for streamlining of the department machinery for redress of grievances has been suggested by the Study Group in Chapters III, VI and IX. The S.P. should be made fully responsible for investigation of complaints against subordinate officers to place police—public relations on proper footing.

14 (a) Extensive Powers of control given to the D.M. in other fields also have not contributed to improvement in police efficiency. Whatever improvements have taken place are due to the reformative zeal of senior police officers. The efficiency of branches which are not directly under the D.M. e.g. the C.I.D. is much higher.

(b) The practice of inspecting police stations by D.Ms. serves no useful purpose and these days nobody bothers about it.

(c) The Power of D.M. to require the transfer of sub Inspectors, the S.P.'s command of the force. On the principle of one ship—one captain; the S.P. should have full authority for this purpose and he should be held wholly responsible for his actions.

15. The practice of writing confidential reports on Superintendents of Police by D.M. is inconsistent with functional independence. It is purely a departmental matter concerning the internal administration and discipline. This practice should be stopped.

16. The Super-imposition of scores of outsiders who are not subordinate to the chief at intermediate levels introduces a substantial chaotic element in administration. The anomalous position of the S.P. vis-a-vis the departmental supervisors like D.I.G. and I.G. on the one hand and the D.M. on the other is by no means conducive to discipline and promotion of efficiency.

17. The argument that civilian control of police is necessary because it is a uniformed organisation is fallacious. Police itself is civil—a uniformed part of the community. In fact, it is the touchstone of the spirit and quality of civil administration of a country. It is a civilian profession with its own professional standards, which, if properly developed, can act as much greater safe guards than the control of the D.M.

18. The D.M.'s so called position as a representative of the Government also does not entitle him to control the police. It is inconsistent with the concept of functional independence, and from the point of constitutional propriety and good government, the responsibility of representing the State in the field of criminal investigation and maintenance of public order should vest wholly and squarely in the police officers, who represent the primary of law. The British who created this extraordinary institution of the D.M. in India never found any such office necessary in their own country.

19. The collector's position as a coordinator also does not entitle him to head the police organisation. While the D.M. as a coordinator does not interfere in the other branches of district administration, he exercises vast powers with regard to working details of police administration, which is not justified at all. Co-ordination in fact calls for cooperation and not subordinate.

20. The analogy of the French Prefect also does not furnish any cogent support for continuing the system of the D.M. The prefect has no authority to interfere in the investigations, and his control of the Police for preservation of order is perhaps necessitated by a variety of police forces State, Gendarmarie and Municipal, division of police into 'judicial' and 'administrative'; provision of the Gendarmarie under Ministry of Armed Forces for rural security and absence of any functionary like the District Superintendent of Police in India. We have a homogeneous police force under an I.G.P. in the State and his representative in the S.P. is provided in every district. Moreover, the French Police have no great reputation as an efficient or honest police organisation in the world. We cannot expect our police to be popular and yet put them in the organisational world of the French administration.

21. (a) The French administrative system is based on a centralising spirit. Its compatibility with the present trend towards decentralisation in our country needs careful consideration.

(b) It has been found difficult to countenance the association of the collector with the Zila Parishad as its Chairman. If he ultimately yields his pre-eminent place to the Zila Parishad it would be improper for him to control the Police. In the changing flux of district administration, it would be better to go by the principles

regarding organisational status and functional independence of the British Police. In the choice of models we should prefer the British to the French institutions.

22. The I.P.S. officers are worthy of trust. They come from cultured, broad-minded and well educated classes and enter service through a country-wide combined competitive examination. Arrangements for training have also been improved considerably by starting even advanced courses for Superintendents of Police. William H. Parker, Chief of Los Angeles Police, found that the leadership of the Indian Police reflects careful selection and bringing into service of highly intelligent and academically qualified personnel. Shri Y. B. Chowan while proposing Bombay City Pattern of police administration for Ahmedabad saw no reason to fear a police officer while giving the powers of D.M. to him, Shri Shantilal Shah also feels that there is no reason why the Home Minister with his department should not be able to attend to law and order matters directly through district police officers who belong to I.P.S.

23. (a) A healthy approach to police reforms must be based on the recognition of the need for blossoming police leadership in view of its role as a transforming generation and a professionalising element in service.

(b) Section 4 of the police Act of 1861 should be amended to remove the words 'undue general control and direction of such magistrates' from it.

(c) Amendment will also be required in Sections 13, 17, 30(2) and 47 of the Police Act. In fact, the Study Group has suggested that there is need for an entirely new Indian Police Act.

(d) Amendments will also be required to the relevant sections of the Cr.P.C. and various special Acts as suggested in Appendix X.

(e) The Commissioners of Divisions should have no control or responsibility in the police sphere.

(f) If, for any reason, this change cannot be brought about immediately all over the country, a beginning may be made in the centrally administered areas or in a few selected States as an experimental measure.

## Chapter - V

### Policing In Large Cities

1. A heterogeneous population, high incidence of crime, frequency and break down of law and order and the rapidity with which the situation deteriorates in the cities necessitate a well organised and closely knit police force capable of going into action at short notice. Action taken after prolonged consultation may be too late and lead to disastrous consequences. Unity of command as well as promptness in action is possible in metropolitan type of police system in which the responsibility is fixed solely on the Commissioner of Police. This

system has been working successfully in Bombay, Calcutta, Madras and Hyderabad. Its extension to Ahmedabad, Poona, Nagpur and Bangalore has more than justified itself. The system has been commended by Prime Ministers, Home Ministers, Chief Ministers and also the various State Police Commissions. It may be extended to all cities with a population 4 to 5 lakhs or more.

2. Regarding the vexed question of relationship between the I.G.P. and the Commissioner of Police, the Study Group feels that there is no justification for keeping the Commissioner independent of the I.G.P. Since more cities would have Commissioners of police, keeping such Commissioners independent of the I.G. and creation of separate units of the police force in a State would be undesirable. Pooling of resources will be conducive to economy, efficiency and progress. The position of the I.G.P. as the Head of a composite Police force of the State and as official Adviser to the Government should be maintained. However, the Commissioner of police should have a large measure of independence in taking prompt and decisive action. 'On day to day functions of urgent nature magisterial and others the Commissioner may be empowered to correspond directly with the Government. He should, however, keep the I.G.P. in the picture regarding important administrative and policy matters.

3. There should be a Research and Planning cell to assess social problems, advise about policing needs and suggest measures for better organisation, equipment and training to prepare the police to deal with new situations effectively.

4. No city police can work without a modern 'Control Room' which is the nerve centre of all police activity. All big cities with a population of 1 lakh and above should have 'Control Rooms' for coordinating the work of wireless-fitted mobile patrols, flying squads and police station staff, to ensure effective deployment of available forces.

5. (a) Due to exigencies of law and order duties, investigation of cases badly suffers staff for investigation should be separated so that they can give whole-hearted attention to investigation work. Such functional division will also encourage specialisation.

(b) There should be a separate Detective Branch for handling wide spread and specialised crime. Specialised squads may be formed for dealing with auto-thefts, bank robberies, murders, kidnapping and so on.

6. (a) Formation of 'Anti-Goonda Squads' may help in controlling goondas who pose a challenge in big cities.

(b) A Social Police wing may be made responsible for enforcement of social legislation, organisation of Juvenile Aid Bureaux and other social defence work.

7. (a) A well-organised 'traffic police' is a vital necessity to control the growing vehicular traffic. Police should be associated in the planning of roads in cities.

(b) Separate branches for transport and communications, and a unit of mounted police are also necessary.

8. Beat and patrol work is the foundation of efficient police work in the cities. Foot constables are essential for acquisition of local knowledge. Mobile patrols cannot supplant but only supplement the foot patrols.

9. (a) The policemen in cities should be specially recruited and trained so that they are properly oriented to handle complex problems.

(b) Adequate special pay should be given to them to compensate for higher cost of living and onerous nature of their duties.

Provision of family accommodation at suitable centres in convenient areas to all policemen is essential to keep the force contented, particularly because house rent in cities is higher than house rent allowance sanctioned.

10. (a) Special training must be given to each policeman in public contact.

(b) A 'complaints cell' under and Assistant Commissioner should deal with public grievances.

(c) A separate public relations officer should organise public relations activities, and keep proper contact with the press. He may also look after welfare of the personnel.

(d) Officers in charge of 'complaints cell' and 'Public Relations work' should work directly under the Commissioner of Police.

(e) The Commissioner of Police may assess public opinion by keeping in touch with leading persons and ensure efficient service.

Immediate attention needs to be paid to reorganisation of city police. If the above scheme of reorganisation is accepted, a provision should be made in the proposed Police Act which could form the basis for reorganisation of police in all cities of India. This will be about uniformity, and leave scope for minor adjustments to suit local requirements.

## Chapter—VI

### Police Administration At The State Level

1. According to law and the existing rules, the I.G.P. is responsible for the internal economy and efficient organisation of the police, but significantly enough, he is not responsible for the operation of the police force. In actual practice, however, the Government have found it desirable to entrust operational control to Inspector-General and Deputy Inspector-Generals the I.G. and his officers should be responsible for carrying out police functions efficiently. The operational command, direc-

tion and control of the police force should be vested in the I.G.P. A provision to this effect may be made in the law and police Manuals.

2. There is a strong case for making Inspectors—General the Secretary to Government in matters concerning law and order and police administration. As an initial step, the I.G.P. may be made Ex-officio Secretary as regards police administration.

3. I.G.P. should have adequate administrative powers for creation of temporary posts, transfers, and postings of officers, deployment of men and materials, etc., to make his operational command over the force more effective. All administrative powers at present vested in the Home Secretary may be transferred to I.G.P.

4. Assistance of Additional I.G. and D.I.Gs. on a functional as well as regional basis, depending on the size of the State, should be given to the I.G.P. For Commanding Special Armed Reserves, Intelligence Department, C.I.D. Railway Police, etc. and for attending to the work of personnel administration, equipment, buildings, communications transport and police budget.

5. The Range D.I.G. have definite important and useful functions to perform. Their posts are absolutely necessary for providing adequate assistance to the I.G. and maintaining a high level of efficiency.

6. (a) There should be a well-organised C.I.D. in every State.

(b) The Intelligence Departments should be responsible for study of subversive and other political movements security.

(c) The crime branch should take up investigation or widespread, professional and important crime. Special squads may be organised within the crime branch to deal with counterfeiting of currency, white collar crime, smuggling and other types of crime of organised or special nature. Enforcement of various regulatory measures may also be entrusted to Crime Branch.

(d) There should be a separate Crime Prevention Branch to organise such work in the State. It may deal with Crime Prevention Bureaux. Juvenile Guidance Bureaux, etc.

(e) A printing press may be attached to the C.I.D.

(7) It may be desirable to entrust enforcement of social legislation such as prohibition, suppression of immoral traffic, etc., to a separate unit in charge of a D.I.G. working under the I.G.

8. The I.G. should have an adequately staffed Research cell be added by a S.P. working directly under him.

9. (a) There should be a Forensic Science Laboratory under the I.G.P. in every State.

(b) Provision of at least the minimum scientific

facilities to the Investigating Officers on the scale recommended by I.G.'s Conference (Appendix I) is essential to make them use scientific methods in investigation. The recommendations of I.G.'s conference may be implemented fully.

10. There should be a State Director of Public Prosecutions to advise the I.G. in complicated matters of Law, Study in Judgements and legal flows in investigations etc.

11. (a) In view of great expansion in the Armed Police Battalions in recent years and their expanding role, it is necessary to devote considerable thought to their planning, organisation, equipment, training etc.

(b) Where possible, the armed police may be separated from the civil police in the districts, but both the wings should remain under the unitary command of the Superintendent of Police

(c) The Armed Battalions in a State may be grouped under an Additional Inspector General of police. The Additional I.G. must remain Subordinate to the I.G.P. So that the unity of command of the latter is not impaired.

12. (a) Policing on the Railways is a responsibility of the State Police and they should be made to accept it as such. Vesting police powers in any organisation other than the Police, like the R.P.F. is undesirable. R.P.F. is an internal arrangement to protect Railway property.

(b) G.R.P. in the State should be placed under a D.I.G. with State wide jurisdiction or, if work is not heavy, under an A.I.G. working directly with I.G.

13. There should be a well-equipped radio organisation and M.T. organisation with central work shops of their own in every State.

14. In the I.G.'s office, there should be a cell to look into public grievances and a section of this cell should deal with cases of corruption among the police. D.I.G./S.P. should be a vigilance officer. The vigilance section should collect intelligence about corrupt practices and also investigate into cases of corruption. This section should locate points of corruption and suggest improvements in procedure to prevent malpractices. The Vigilance Officer may have his representatives at the district level, if necessary. He should review periodically the work of complaints cells under the superintendents of police. The Vigilance Section should cooperate closely with the State Vigilance Department.

15. There should be a State Public Relations Officer under the I.G.P. to plan and organise public relations activities. He should also work as State Press Relations Officer and look after the welfare of the force.

16. The I.G. should keep in touch with important public men in the State including M.L.As and M.Ps.



in order to assess efficiency, spot weaknesses and plan improvements.

## Chapter—VII

### Financial Administration

1. (a) The development of the Indian police has been hampered throughout due to allocation of inadequate funds. Even after independence the percentage of expenditure on revenue account spent on police has tended to diminish. Artificial distinction between plan and non-plan expenditure has dried up funds for departments like the police through effective policing is so essential for development activities.

(b) Analysis of expenditure on police shows the backwardness of the force. The expenditure is mostly on pay and allowances of personnel and very negligible on scientific equipment and training etc. Failure to show expenditure on armed police separately tends to present an incorrect picture about civil police and the need for improvement in them does not get highlighted.

(c) Police population ratio as well as the per capita expenditure on police in India compare unfavourably with other countries.

(d) It is necessary to reorient financial policy and budgetary procedure to provide adequate funds for need based policing.

2. In the budgets, the expenditure on police should be classified under the following broad headings :

(a) Expenditure on routine tasks of policing including pay, allowances and contingencies

(b) Expenditure on training, research and specialist services including crime prevention branches, special units for enforcement of special legislation, etc., to make the police more competent for their new and expanding side.

(c) Expenditure on modernisation of the police including scientific equipment for investigation and traffic control, transport and communication facilities like wireless and telephones.

(d) Expenditure on Armed Police Battalions for internal security and external defence.

(e) Expenditure on police housing

3. The expenditure on police should be related to actual requirements; but considering the citizens' capacity to pay, on a rough calculation, it would not be unreasonable to suggest that Rs. 3 per capita may be earmarked for expenditure on Police under category.

(i) Above, such further re-evaluation as may be necessary to arrive at a correct figure for this purpose may be undertaken by the ABC.

(ii) 25 per cent of the fund provided under (a) should be allotted for (b) and (c) in order to achieve a reasonable degree of modernisation in the next 10 years.

(c) Modernisation of fire service, where it is part of the Police, should also be governed by the above principles.

(d) Expenditure on armed police battalions should be determined with reference to actual needs.

(e) There is need for greater financial assistance from the centre to the States in respect of Police Housing Schemes.

4. The State Governments should meet the entire expenditure on (a) and (d) and half of the expenditure on (b), (c) and (e), the remaining half be provided by the centre from the plan funds the centre has a special responsibility under the constitution to make provision for, 'training' and 'Scientific and technical assistance in investigation of crime'. Hence the centre could legitimately be expected to bear 50 per cent of the expenditure on training and modernisation as apart of social defence—planning central assistance in the field of housing as is essential because of the huge capital expenditure involved.

5. (a) Initiation of new proposals should go on throughout the year. The I.G.P. should be associated with the Finance Department in the processing of these proposals.

(b) The Expenditure on pay and allowances on the existing establishment may be accepted as a fixed charge as there is no scope for a security. If enough funds are not available for the rest of the items. The Finance Department should not make cuts in various items themselves. They should simply indicate the total amount that can be provided and leave it to the I.G. to make the necessary cuts and adjust priorities.

(c) Post budget scrutiny should be given up altogether. Government sanctions should be deemed to have been issued as soon as appropriation is passed by the legislature unless cost of original proposal has increased substantially and material change therein is considered necessary.

(d) Budget procedure be simplified and excessive itemisation should be avoided as it unduly restricts the financial powers of operative agencies and renders fruitful exercise of the powers of reappropriation difficult.

(e) Existing heads and sub-heads may be maintained for purposes of estimating and determining budget allocations, and also for exercising internal control. Budget proposals presented to the legislature may show only expenditure required under the broad and main heads.

6. (a) The financial powers of the I.G.P. the other Controlling Officers and Heads of District Offices should be enhanced.

(b) Delegated financial powers should be exercised subject to the only condition, that 'total actual grant' is

not exceeded at the time of incurring expenditure.

(e) All the financial powers vested in the Home Secretary as Secretary to Government should be vested in the I.G.P. Two tiers of financial control should thus be removed.

(d) A Financial Adviser of sufficiently high mark should be attached to the office of I.G.P. He should be in constant touch with the Finance Department and arrange continuous audit to fix responsibility, thereby preventing irregularities. He should be assisted by an Accounts cell.

7. (a) A Board consisting of I.G.P., Finance Secretary and Chief Engineer, P.W.D. should be constituted to consider budget proposals in respect of major and minor housing works, and to determine total allocations and priorities.

(b) Administrative and financial sanctions of plans and estimates should thereafter be issued by the I.G.

(c) A P.W.D. Division should be created look after police works.

8. (a) I.P.S. officers should be trained in general questions relating to Financial Administration. Such training, to be useful, should be imparted after an officer gains some experience in the field.

(b) They could be attached for purpose of such training to A.G.'s office or the Finance Departments in the States or to the I.A. and A.S. Training school at Simla for a fortnight before their promotion as S.P.

(c) Experts in Financial Administration should deliver a course of lectures to the Advanced Course Officers at the National Police Academy, Abu.

## Chapter—VIII

### Personnel Administration

1. In view of the changing role and tasks of the police, reorientation of recruitment planning is essential to ensure selection of officers who will be able to meet the new demands and discharge new functions effectively.

2. Selection should be based on merit and comprehensive tests should be conducted to select recruits with capacity and aptitude for work.

3. Minimum educational standard for constables should be VIIIth class for Armed Branch and Matriculation for the Civil Police; P.U.C. Intermediate in the case of R.S.Is. and a University Degree in the case of Sub-Inspectors.

4. For uniformity in the standard of recruitment to the ranks of constables, A.S.Is., S.Is. and R.S.Is., in every State there should be a whole-time Recruitment Board comprising police experts, a Medical Officer and a Senior D.I.G. as Chairman. One more D.I.G., a Personality Testing Officer and a Psychologist or

Psychiatrist may be added to the board at the time of selection of S.Is. written examinations could be held in various centres in the State and the Board may go round to range Headquarters for holding tests and interviews. The Board could also undertake personnel research.

5. In order to attract better candidates, the emoluments and the status of the constable should be fixed commensurate with his responsibilities and the standards expected of him.

6. Adequate chances of promotion should be available to the members of the organisation at all levels. Promotion should be based entirely on merit and selection should be scrupulously fair and impartial.

7. To qualify for promotion, a constable should have put in 3 years of permanent service and must pass a written promotion test to be held throughout the State. Question papers should be set by a central authority like principle of the police college.

8. Where the rank of A.S.I. is retained for reasons of economy, the system of promotion recommended for the rank of Sub-Inspectors may be followed.

9. Fifty per cent of the vacancies in the rank of Sub-Inspectors must go to the open market recruits. A Head Constable or A.S.I. would be normally allowed to compete for promotion to the rank of S.I. till the age of 45 years, and thereafter only under special circumstances.

10. There should be no direct recruitment of the rank of Inspector and vacancies should be filled 100 per cent by promotion. Selection should be based on record, interview and practical tests.

11. An interview should be held for promotion of Inspectors to the rank of Dy. S.P. It should carry 50 per cent marks, the remaining 50 per cent being allotted for service record. The interview board may consist of a Member of the Public Service Commission, I.G.P. and a Senior D.I.G.

12. It would be in the interest of the Department to do away with direct recruitment of Dy. Ss.P. Existence of two ranks doing almost the same type of work with different pay scales and prospects is not conducive to harmonious work. Direct recruitment of Dy. Ss.P. also marks the promotion prospects of subordinate ranks. However, if it is felt that direct recruitment to the rank of Dy. S.P. may continue, at least 50 per cent of the posts should be filled by promotion. In fact, the intake by direct recruitment should be regulated in such a way as to ensure that such direct recruits have reasonable prospect of promotion to the rank of S.P. in about 10 years.

13. It is suggested in certain quarters that the promotion quota for Dy. Ss.P. in IPS cadre may be increased from 25 to something between 30 and 40 per

cent with a view to providing relief in certain States where promotions of Dy. Ss.P. even after 18 years of service are not possible. This proposal is opposed by others on the ground that it will dilute the IPS and that such decision should not be taken unilaterally in the case of police as similar percentages are fixed in other services as well. The question may be decided after taking all aspects of the matter into consideration.

14. (a) The I.P.S. (Appointment by promotion) Sixth Amendment Regulations, 1967 may be repealed so far as promoted Deputy Superintendents of Police are concerned because by the time their turn for inclusion in the select list comes, even the brighter ones among them would normally have crossed the age of 52 years which is prescribed by the above Amendment Regulations.

(b) Officiating service of promoted officers should be taken into consideration while preparing the combined Gradation list of State Police Service Officers.

(c) The usual waiting period of about 8 years for being brought on the select list may be reduced to 4 years in case of promoted Deputy Superintendents in view of their long experience particularly in the rank of Inspector which involves some supervisory responsibilities.

15. The age of superannuation for Dy. Ss.P. should be related to the retirement age for the I.P.S. so that no set of officers gets adversely affected.

16. At least 5 per cent posts in intermediate ranks of Head Constables, Assistant Sub-Inspectors, Sub-Inspectors and Inspectors may be reserved for those with uniformly good record but who could not qualify for promotion.

17. The period of probation should be 2 years in each rank both for direct recruits as well as promotees. If the person is found unsuitable, there should be no hesitation to terminate his appointment or to revert him after giving him one year's grace period.

18. Temporary posts should be made permanent within 3 to 5 years.

19. Pre-service training should be encouraged by starting courses in Forensic Science, Criminology and Police Science, etc. in more universities. Police wing of N.C.C. may be started. Lessons on Road Sense, Traffic Code, Fire fighting and First Aid may be included in school books to create favourable proclivity for police career.

20. There should be a combined training school for about 300 to 600 recruit constables in each range with proper whole-time instructional staff.

21. (a) Constables' training should be for 1-1/2 years. They should be given practical experience in the field for 6 months between 2 periods of academic instructions in the training school, each of six months duration.

During training, emphasis should be laid on courtesy and service to the people.

(b) It is necessary to provide adequate training reserves; instructional staff on the scale recommended in Appendix XII of U.P. Police Commission's Report; and adequate special pay and other incentives for the instructional staff.

(c) For provision of text books on police work in Hindi and regional languages, a section should be set up in the proposed Central Directorate of Police Training.

22. Sub-Inspectors should be trained for one year in the school. Law, Constitution, Jurisprudence, Scientific Aids, Sociology, Criminology, Psychology, Public Administration, Public Relations, practical demonstrations besides work amongst the public by way of research and study may be included in the curriculum. States should take full advantage of the training facilities available at the Central Detective Training Schools, Forensic Science Laboratories and other institutions. Such facilities should also be developed in State Training Colleges.

23. The first year's training of the Dy. Ss.P. should preferably be at the National Police Academy, Abu. Thereafter, they should be sent to the State Police Colleges for 3 months to learn local laws, procedures and language.

24. (a) The National Police Academy is doing invaluable work for basic and in-service training of I.P.S. Officers. It is proposed to be shifted to Hyderabad. Implementation of decision for its permanent location may be done early so that future expansions may be planned and expedited.

(b) The possibility of introducing a mid-term spell of practical training for probationary A.Ss.P. lasting about 4 to 6 months instead of continuous training for 1 year may be examined.

25. (a) The State Police Colleges should be expanded after taking into consideration the demands and frequency of refresher courses for the lower ranks.

(b) Constables should do a refresher course before they are due for promotion. Head Constables should attend a similar course after 5 years. Such courses may be arranged for Inspectors after 5 to 8 years. Dy. Ss.P. with 5 to 8 years and not on select list may also do a refresher course at the National Police Academy.

(c) At present I.P.S. officers with 6 to 8 years service and Dy. Ss.P. on the select list do an Advance Course. A senior staff course for Ss.P. with about 12 to 14 years service may be introduced to give them superior supervisory orientation.

26. Specialised and advanced training facilities offered at central school for weapons and tactics, central transport school, etc. should be availed of by the

States. Facilities for special courses in intelligence, crime, traffic, wireless, motor transport, scientific aids, etc., available in various States should be expanded further.

27. Courses and study tours for selected senior members in Administrative Staff College, Indian Institute of Public Administration, National Defence College and also in foreign countries may be organised. Delegates should be sent to the seminars and meetings organised by International Criminal Police Organisation.

28. Recruitment and Promotion organisation proposed in para 8.8 could with suitable augmentation of staff, undertake the work of the Directorate of Training in the States.

29. There should also be a Central Directorate of Training perhaps headed by Director, National Police Academy. The Central Directorate may arrange training of instructors; evolve ideal patterns of training; organise specialised courses, devise planned system of career development; evaluate training benefits; conduct research in training methods; produce films and text books; organise seminars and conferences on training etc.

30. (a) Modern methods of imparting training through the screen, take recorders, charts, simulated scenes, sand models may be adopted in a big way in all States.

(b) Police officers should be encouraged to publish books on various subjects of training.

(c) The Central Government may include 'Police Science' as a subject for National Writers' Award.

31. (a) The need for higher wage for the policemen has been recognised by U.P., Bihar, Punjab and West Bengal police commissions.

(b) Police compensation scales are a part and parcel of the wage level of each community. The formula evolved by the Royal Commission on police in U.K. envisages standard rates of wages of the skilled worker in a wide range of industries plus an 'Economic Supplement' of 45 per cent of compensate him for his liability to work in shifts, at night, at week ends and holidays without extra payment. A further supplement of 25 per cent of pay minus value of house rent is suggested for recognition of the value of the constable to the community.

(c) Calculated on the basis of Royal Commission's formula, the top of incremental scale for a constable should be Rs. 220. The scale suggested is Rs. 150-220.

(d) If this scale is not acceptable due to financial implications, a scale of Rs 125-200 with increments spread over 25 years may be sanctioned. The selection grade may be abolished where it exists.

(e) As regards pay, the constables should not be equated to class IV servants as has been the practice so far. They should be treated as public servants possessing special skill and technical qualifications, and may be equated to class III.

32. Equitable pay scale for H.Cs., A.S.Is. S.Is. Inspectors and A.P.Ps. Grade I and II may be determined.

33. There is a case for upward revision of pay scales of all gazetted ranks.

34. The positive aspect of discipline should be emphasized to foster enthusiastic obedience of orders, strict adherence to rules in performance of duties and observance of code of conduct.

35. There should be decentralisation of powers of punishment to ASP/DSP, Inspectors and S.Is. Disciplinary powers of the senior officers should be enhanced as shown in Appendix IV, because the existing powers are inadequate and the procedure for departmental enquiries is cumbersome and dilatory.

36. Revision of the procedure may be considered for speedy disposal of departmental enquiries.

37. Improvement in social prestige or the organisation and public support are essential for maintenance of high morale.

38. (a) Percentage of constabulary and subordinate officers provided with accommodation is very small in most States. Provision of 100 per cent housing through a modern housing project is essential to boost up morale and efficiency.

(b) Till the requisite number of houses is constructed, house rent allowances at reasonable rates should be sanctioned to the policemen.

39. (a) Normally a policeman should be required to work for 8 hours. It would be desirable to grant one day off after 6 days of duty. If this is not possible due to exigencies of service, monetary compensation or compensatory leave/special casual leave may be granted in lieu thereof.

(b) Leave travel concessions for both ways journeys to the native place may be granted once a year.

40. Free diet to police patients and free treatment to their families should be given. Special leave and diet allowance should be granted to T.B. patients. Medical leave may be allowed to accumulate upto 180 days.

41. A system of granting immediate financial relief and standard pension for policeman's family within 10 days after his death; and a special system of insurance for policemen with adequate coverage of accident, injury or sickness should be introduced. The State should also contribute towards the premium.

42. Age of superannuation in Civil Police should be 58 provided the officer is physically fit. There should

be an annual check after 55. In Armed Police it should be 50 for Head Constables and 45 for Constables, and liberal retirement benefits should be prescribed for them.

43. (a) Free education upto Matriculation scholarships, grants for purchase of books, mid-day meals, free milk, etc., may be provided to the children of policemen.

(b) Facilities should be made available to the families of policemen to earn additional income by poultry breeding bee-keeping etc.

(c) Family planning schemes, cultural activities, cooperative house building scheme, etc., should be encouraged.

(d) Due attention should be paid to the welfare of retired/diabled policemen and families of deceased policemen.

(e) Organisation like Ex-Servicemen's Association should be formed in each State for all ex-policemen.

44. Every policeman should be required to contribute Rs. 5 per month and the Government should contribute Rs. 7 per head per annum to the Police Welfare Funds.

45. Public Relations officer, in the I.G.'s office or a whole-time welfare officer of the rank of S.P. attached to I.G.'s office may plan and carry out welfare activities. In the districts, 'Public Relations officers' should look after welfare of personnel.

46. The tendency towards trade unionism in police is fraught with dangerous possibilities. Discipline will badly suffer if policemen resort to agitational methods like strikes demonstrations and propaganda. Even the British Police are prohibited from forming or associating with trade unions. The Police Forces (Restrictions of Rights) Act, 1966, which was intended to eliminate political and trade union activities among policemen, has come not a minute too soon.

47. In view of the restrictions on the rights of policemen it is necessary to provide a proper machinery for redressal of their grievances.

48. It is difficult to recommend the adoption of the principle of Whitticism in police for quite some time.

49. Pay of police service should not be made a subject of bargaining process. It should be settled by an organisation which can take an objective view of what is justifiable. The Police Board proposed in Chapter X may lay down principles of pay fixation, and conduct reviews of police pay once in 5 years or so, or earlier if necessary. Police associations may put forward their views, but not demands, during the course of such reviews.

50. The Government of India should draft a model constitution for police associations which are permissible under the Police Forces (Restriction of Rights) Act, 1966 and circulate it to the States for guidance.

Associations should be provided for each rank and evil effects of electioneering should be avoided.

51. Officers of above the rank of S.P. should meet policemen of all ranks frequently in 'Darbars' in order to be cognizant of their difficulties and hardships. They should endeavour to redress their grievances locally or bring them to the notice of the Government promptly. If the departmental leadership does all that is necessary and gets government support, the associations may automatically become moribund.

52. It will be inadvisable and inopportune to abrogate the right to form associations after it has been indirectly recognised by the Police Forces (Restrictions of Rights) Act passed recently in November, 1966.

53. Rank-wise associations should function as advisory bodies to the departmental superiors and conduct themselves in a manner consistent with discipline.

54. The I.P.S. is progressively becoming unpopular among candidates appearing in the combined competitive examination because of arduous duties, unattractive salary structure, poor prospects of promotion lack of prestige and differential procedure of recruitment intended to perpetuate the extra ordinary inferiority of the services. Among the All India and central services, last preference is given by the candidates to the I.P.S. and it is not unlikely that in course of time, the service may consist of persons who initially were distinctly disinclined to join the same. Any proposal for a differential method of recruitment to I.P.S. implies that an inferior type of candidate may do for the police service, which is neither conducive to improvements in the police nor in the best interest of the nation. Common examination without distinctions and parity in service conditions is necessary to draw willing amongst the best available talent in the country to the police. The service should, therefore, be made sufficiently attractive by entrusting adequate responsibility based on due recognition, and equitable remuneration better avenues of promotion, etc., to enlist good men with exemplary character and contended outlook. This will provide impartial and straight forward leadership to the police forces in difficult times ahead and ensure security of the nation, and professionalization of service.

55. The I.P.S. officers have contact with the grass roots of administration and are well equipped to deal with highly complex issues which crop up for decision by Government. Their basic qualifications, administrative experience, and intimate knowledge of the people and their problems make them eminently suitable for administrative jobs in the secretariat. Like officers of Central Service Class I, they should be considered eligible for appointments to the Secretariat and the

pool.

56. The Indian Police Service will be a fruitful source of marginal skill and talent as the work of I.P.S. officers covers all aspects of management in the true sense of the term. The decision of the Government of India to consider I.P.S. officers for appointment to the 'Top Posts' in public undertakings may be implemented fully. Volunteers from I.P.S. may also be considered for permanent absorption at middle management levels in public undertakings as well provided they opt for them once for all.

57. The Central Police Board proposed in Chapter X would be helpful in spotting talent and channelising it to the secretarial and public undertakings. It may also facilitate career planning of I.P.S. officers and intra-service mobility.

## Chapter—IX

### Police—Public Relations

1. A grievance, fancied or real, which is not attended to properly is likely to shake public confidence and distort the image of the Police. For placing police—Public relations on a proper footing, the responsibility for investigation into complaints should be placed, fully and squarely on the Superintendent of Police. A 'Complaint cell' with adequate staff in charge of A.S.P./ Dy S.P. working directly under the S.P. should be created at each district head quarters.

2. Public relation officers should be appointed in the districts with adequate staff assistance for organising public relations programmes to with public cooperation. They should be trained in journalism so that they can function as press relations officers as well. As far as possible, there should be separate officers for 'complaints cell' and 'Public relation work'.

3. Where possible, properly furnished reception rooms and other amenities should be provided at the police stations. Courteous conduct by members of the station staff who interview the complaints, the witnesses and the accused would help in removing the unwelcome atmosphere of the police station.

4. The behaviour of constables, who are the best Public Relations officers, should be exemplary, courteous and helpful. This should be ensured by precept and practice as well as close supervision.

5. The police should with stand political pressure in the discharge of their duties. The Government and senior officers should give due support to officers acting in a just, fair and straight forward manner.

6. Police should take up non-cognizable offences for 'investigation after obtaining Magistrates Sanction of the goonda elements are involved. This will enhance public confidence in police.

7. Enforcement of social legislation the need for which is not widely accepted and for which public support is not readily for the coming, is one of the causes of an popularity of the police. The strength of police should be suitably augmented to cope effectively with their additional work and to ensure that the normal police work does not suffer. Special police units separate from the station staff should also be organised for their purpose and the personnel properly selected for them. Propaganda drives by concerned agencies may be intensified to build up public opinion in favour of such legislation.

8. (a) The people should be educated through the use of mass media about their duty to render assistance to the police.

(b) They should also be made aware of the legal limitations and practical difficulties of the police.

(c) Sacrifices made and good work done by the police in anti-dacoity operations, floods, fires, border defence, etc., should be duly publicised.

(d) Members of the public should be encouraged to visit police establishments, training institutions, laboratories, etc.

(e) Senior officers should establish contact with prominent citizens of all shades of opinion and take them into confidence.

(f) Sports and special programmes for children should be arranged.

(g) Lessons on police should be included in text books. Lectures and Seminars should be arranged in educational institutions and other civil organisations.

(h) Consistent with the demands of duty police may participate in 'Shramdan' and social welfare work to convince the people about their concern for peoples welfare.

Every non-punitive contact with the public is worth its while.

9. Greater emphasis should be placed on preventive work. People should be advised regarding precautions to be taken to prevent crime, etc. Missing persons Squads Juvenile Aid Bureaux and Boy's clubs should be organised.

10. Good relations with the press are essential for a fair presentation of police work. Information of news value should be made available to the press expeditiously by Public Relations officers. The press should be exhorted not to publish adverse reports against the police without proper verification. Incorrect press reports should be contradicted through the Publicity Department.

11. Is.G., D.Is.G. and Ss P. should hold Press Conferences periodically and also when they are considered necessary.

managable limits, their jurisdiction may be extended only to complaints against officers of Indian Police Service as well as those belonging to State Services and working as Superintendents of Police

17. The Lokpal/Lokayukt should have free hand in utilising the services of central Bureau of Investigation and State Anti-corruption Departments. The details of working arrangements may be worked out by mutual consultation.

18. Police officers may preferably be posted in charge of vigilance cells in various Ministries/Departments because of their experience in vigilance work, handling complaints of corruption and evaluation of evidence.

19. In view of the expanding work and the need for attracting top quality personnel in the CBI, the terms and conditions of service in the CBI should be made more attractive. Proposals for revising the scales and allowances of CBI officers deserve to be considered.

20. Before giving final shape to the draft Constitution Amendment Bill and the draft Public Servants Enquiries Bill prepared by MHA, the concept of Special Tribunals

may be examined as they are likely to be helpful in expeditious disposal of departmental enquiries.

21. (a) For waging a war on the evil of corruption, the Anti corruption Department in States may be suitably expanded depending on the volume of work.

(b) The Branches of Anti-corruption Departments may be set up in each district with adequate staff.

(c) Men with tried honesty and integrity should be more or less permanently seconded to these branches.

(d) The lowest rank for A.C.B. officers should be Inspector.

(e) They should be trained in Anti-corruption work in the CBI.

(f) ACB should have separate wings for intelligence and investigation depending on the volume of work.

(g) A technical wing consisting of qualified accountants etc, should be attached to the headquarter of State ACB.

(h) A legal expert from Law Department may also be similarly attached.

## STUDY TEAM ON THE CUSTOMS DEPARTMENT, 1966—REPORT

Delhi, Manager of Publications, 1967-68. 2 Vols.

Chairman : D.N. Tiwary.

Members : D.P. Anand ; N.K. Mukarji ; M.P. Singar ; A.N. Biswas.

Member-

Secretary : M. Panchappa.

### APPOINTMENT.

In pursuance of the recommendations made by the Committee on Prevention of Corruption under the Chairmanship of Shri K. Santhanam, M.P. the Government of India, in the Ministry of Finance (Department of Revenue and Insurance) set up a Study Team on the 1st March 1966 Vide F. No. 37/42/65-A.I.J., dated February 10, 1966.

### TERMS OF REFERENCE

The team will examine the organisation, structure, methods of work and procedure in the Customs Department with a view to locating the points at which delay occurs, where bottlenecks exists and where admini-

nistrative failures are possible. In conducting the study, the team will also look into aspects of the work of other Ministries/Departments which have a bearing on the working of the Customs Department. The team will suggest measure to improve the efficiency of the Department and to eliminate opportunities for corruption.

There were three working groups under this Study Team :

(I) Working Group for Clearance of Cargo

Chairman : M.G. Rangaswamy.

Members : J. Datta ; J. Lawrence D'Souza ; N.H. Nagarwalla ; M.P. Singh ; A.N. Biswas ;

Member-

Secretary : M. Panchappa.

(II) Working group for Preventive Arrangements.

Chairman : M.G. Abrol.

Members : S.K. Srivastava ; M. Ramachandran ; B. Bhattacharji ; M.P. Singh ; A.N. Biswas.

Member-

Secretary : M. Panchappa.



### (III) Working Group for Organization Matters :

**Chairman :** D.P. Anand.

**Members :** N.K. Mukarji ; M.S. Swaramakrishna ;  
M.P. Singh ; A.N. Biswas.

**Member-**

**Secretary :** M. Panchappa.

In formulating the views the Committee took into consideration the following Committee's recommendations and comments that have looked into the Working of the Customs Department.

(1) Expert Committee for the Reorganization of Customs Laboratories (1957).

(2) Customs Organization Committee (1958).

(3) Joint Enquiry Committee on 'Foreign Post Offices and Postal Appraising Department' (1962).

(4) Airport Security Committee (1964).

(5) Committee on Prevention of Corruption (1964).

(6) Study Team on the Import and Export Trade Control Organisation.

(7) Public Accounts Committee of Parliament 27 & 44th Report.

## CONTENTS

**Vol—I :** Clearance of cargo : Introduction ; Field of Study ; Imports—by Sea, Disputes ; Imports—by Air ; Imports—by Post ; Exports ; Refunds and Drawback ; Miscellaneous and Summary of Recommendations ; Including 22 Annexures. **Vol—2 :** Preventive Arrangements ; Organisation and Personnel :

Preventing Arrangements, The Task ; the Net Work ; Baggage ; Miscellaneous. Organisation and Personnel ; Our Approach ; the Headquarters ; The Appellate Organization ; The Field ; Miscellaneous ; Summary of Recommendations ; Annexures Nos. 1 and 2.

## RECOMMENDATIONS

### **Vol —I. Clearance of Cargo**

**Imports—By Sea :** Filling of Manifests and Bill of Entry. Bill of entry may be taken up for processing without waiting for the manifest.

Importer's liability to duty may be limited to cargo actually available for taking delivery

Foreign currencies may be converted for Customs purposes at fixed rates.

Import licences may be released by Custom House promptly after registering debits even in cases of disputes.

Delays and other difficulties in receipt of import documents from certain countries may be taken up by the Government through diplomatic and consulate channels.

That bill of entry may be filed along with a copy of the invoice even if the importer has not retired, the

documents should be publicised, and banks holding documents may be permitted to remove goods to warehouses when importers have not retired the document.

The form and format of import manifest, manner of preparation, etc., should be standardised and regulations prescribing them published.

Size of manifests should be compact.

Fresh manifests need not be insisted upon when the vessel returns from a nearby minor port for completing the discharge at the major port.

Manifests should be accepted upto even half an hour before closing time and the names of vessels notified on the same day.

**Scrutiny of bills of entry :** Various measures to reduce queries on bills of entry should be adopted as a standard 'drill' under effective supervision.

The routine hundred per cent double check by principal appraisers should be replaced by intelligent test-check by assistant collector.

As far as possible assessment should be finalized before clearance, but where doubt persists provisional assessment procedure should be adopted.

The Indian Customs Tariff should be made available to appraisers in loose leaf form so that corrections and changes can be carried out easily neatly and promptly.

Immediately a change is effected, correction slip should be issued for the loose leaf volume of the tariff or entire pages replaced, as convenient.

Exemption notifications should be kept to the minimum and should be incorporated in the body of the tariff schedule itself at the appropriate places and a suitable amendment slip to the loose leaf volume should be issued simultaneously with each notification.

The loose-leaf tariff volume, amendment slip and replacement pages should be published and issued by the Department of Revenue and Insurance.

There should be a common schedule for basic custom duty and 'Countervailing' duty or at least schedules with a common basis varying only in the amplifications of particular items.

The liability to countervailing duty should also be shown in the loose-leaf volume of the customs tariff.

Uptodate master record of the tariff schedule, exemption notifications and countervailing duties should be maintained at each Custom House.

A Central Exchange for Assessment Data should collect data in various appropriate categories for compilation, study and circulation of useful material and guidelines to field staff.

A comprehensive alphabetical card index of classifications and values-commoditywise, with sub-divisions of or countries.

Each Custom House should be equipped with a technical library of useful reference books, catalogues,

price-lists, general trade directories, etc., as also a museum of samples.

Panel of experts in different lines of trade and industry should be drawn up for ready consultation by appraisers for information and advice.

A modernized and scientific classification schedule with detailed specifications may be adopted.

The Indian Tariff Act excepting the provisions relating to protective duties should be transferred to the Department of Revenue or alternatively by the relevant provisions of this Act as also the schedules be incorporated in the Customs Act.

In the Central Board of Excise and Customs provision should be made for a coordinated or unified approach to tariff policy and classifications in both Customs and Central excise.

Similar compilations for Import Trade Control matters should be arranged as for Tariff matters.

Appraisers handling current work should dispose of cases involving no dispute leaving those involving disputes to be handled by special appraiser.

Check of statistical code number should be done after clearance of the goods with reference to a copy of the invoice retained with the bill of entry.

The statistical schedule should be closely aligned to the Tariff Schedule and if possible based on it.

Errors in the declaration of statistical code number should be dealt with appropriately.

**Licence Matters:** Omissions of signature, security embossing, etc., at the time of issue or amendment of a licence should be avoided by the Import Trade Control Organization.

The number of Import Trade Control officers authorised to sign licences should be kept to the minimum.

The number of alert notices regarding import licences in force at any time should be reduced to the minimum.

The validity of any series of licence forms may be limited to an optimum period—say one year or so—by adopting new series for every licencing period.

At the end of every month the licencing authorities should issue a consolidated list of all alert and caution circulars issued during the period.

Scope for improving check by strengthening of staff and provision of mechanical aids may be considered.

The Import Trade Control Classification Schedule should be closely aligned to and based on the Customs Tariff Schedule, with appropriate further sub-divisions.

The description of goods on the Licence should be specific, unambiguous and as wide as possible.

Licencing policy for actual users may be formulated industry wise so that individual licences indicating the particular industry may suffice.

Licences should not be issued with conditions endorsed on them, the verification of which by Customs after

import is either difficult or time consuming.

Once the Import Trade Control policy is announced mid-term changes should be avoided as far as possible.

Appraiser should be given some training in the Import Trade Control Dept. and also drafted to work in the Import Control Organization.

Import licences may be issued for individual consignments as in the case of clearance permits for iron and steel material and exports of Controlled commodities.

There should be adequate consultation between the Customs department and the policy-making authority like import control before the department undertakes the agency function of enforcing the policy.

At the pre-clearance stage the customs check may merely be to ensure that the goods are not prohibited and that their value is within the value limit of the licence, detailed scrutiny for licence validity being done after clearance.

**Collection Duty:** Calculating machines should be used for all calculations.

Calculation of duty should be completed in the same unit of the Custom House that fixes the ratio of duty, before returning the bill of entry to the party.

Maintenance of ledger accounts should be encouraged by treating them like current accounts in the banks.

Periodical (say monthly) accounts should be rendered promptly.

Departmental transit of bills of entry is not recommended but a system of tally of bills of entry, duty collections and releases may be considered.

**Examination of goods and delivery:** Examination of goods in the same shed where they are stored should be the normal pattern.

The appraiser should be made fully and solely responsible for the examination of goods.

The appraiser should also exercise general customs control over the cargo discharge in his jurisdiction and port arrangements should be such as to facilitate this.

The appraisers work in the docks should be supervised by assistant collectors.

Special drives may be launched occasionally by the collector to test-check the efficacy of the normal machinery working in the docks.

Standards should be laid down for office accommodation in the docks and for examination Centres and all ports administration should keep to these standards.

Instead of a separate 'Forwarding Memo' an endorsement on the bill of entry itself should suffice.

A notation regarding grant of customs clearance may be made on the triplicate copy of the bill of entry also which may be released to the importer and the duplicate sent in departmental transit to port authorities for delivery of Cargo and not made over to importer.

Special priority should be given for Clearance of

Hazardous work.

The setting up of a study team to go into the functioning of major ports should be considered.

Tally should be completed immediately the Cargo is stacked.

Port 'out of turn' of Cargo should be forwarded to Customs promptly.

Steamer agents should be required to discharge cargo consignment-wise or the port should group the goods consignment-wise in stacking them and make a charge on the steamer agents.

Customs officers may exercise appropriate 'preventive' control over discharge, shortage, and delivery of Cargo.

For completing port formalities and paying port dues an extra copy of the bill of entry may be accepted instead of a separate document.

Classification under the schedule of port charges and the rate-schedule may be simplified or the customs schedule itself adopted for the purpose of classification.

Where customs have verified the weight or other detail, the port need not make a second check.

All port formalities including collection of port dues may be completed in the shed or other storage area.

If possible, separate sheds may be earmarked for export cargo.

Port administration should accept liability for payment of duty on goods landed in its custody and pilfered or lost therefrom.

Setting up of a port protection force, improved policing and supervision and effective fixing of the responsibility for lapses in security control are necessary to reduce pilferage.

Procedures for permitting removal of goods from port transit area pending completion of formalities should be adopted liberally.

Transportation, in closed vans capable of being effectively sealed, of goods moving in bond would obviate the need for escort.

Packages other than those selected for examination may be allowed to be removed straightway.

Consignments on which a short levy is discovered may be released even before recovery if the amount is upto Rs. 100.

All goods remaining uncleared beyond the prescribed period should be speedily removed to warehouses for uncleared goods.

Auctions should be given better publicity.

Auctions should be held at places where they are no undue restrictions on entry.

Advance inspection of samples of auction lots by intending bidders should be facilitated.

Other methods of sale besides auction, like tender, private negotiations, etc., may be adopted.

There should be better coordination between port and customs and auction work completed within prescribed time-schedules.

Fair prices should be fixed realistically and thereafter acceptance of bids left to the port authorities.

Confiscated goods for which option to pay a fine in lieu of confiscation is not exercised in time may also be disposed of.

The possibility of entrusting disposal of all uncleared cargo to an organization other than port or customs may be considered.

A reorganised pattern of appraisement for import cargo has been designed, which may be tried out at a smaller port after the necessary pre-conditions concerning staff, accommodations, etc., are fulfilled and then extended to all ports.

Disputes : The scope for disputes should be reduced by having a better tariff law.

The importer should be required by law to declare the assessment which he considers appropriate.

A close and definite time limit should be fixed for the decision by the assistant collector on disputes in classification and thereafter the importer should either pay duty or warehouse the goods.

Where a decision of an assistant collector or appraiser is based on a ruling of a Collector, the dispute should be referred in appeal to the Board and where it is based on a ruling by the Board, it should be referred to the next higher authority instead of a routine filing of appeals and revision applications.

Appellate collectors should be of the same status as collectors, having an independent office and should possess adequate experience of work in the Customs Department.

Where any dispute affecting a series of imports has been taken up, all assessments involving the identical dispute should be kept pending at the refund stage.

All decisions and rulings of the Board and all decisions of the Appellate and revisionary authorities should be published for the Guidance of the Public and the staff and reissued at least once a year. Departmental procedures should also be suitably publicised.

Expert panels of advisers for the trade should be set-up.

Customs officers should be stationed at important foreign centres for collecting information and intelligence and making enquiries, and also to attend to public relations.

The Central Exchange for Assessment Data should Coordinate with other authorities for obtaining in systematic routine information concerning special relationships between importers and foreign suppliers.

Determination of values under Section 14(1) (b) Customs Act, 1962 should be done centrally by a Special

Unit in the Central Exchange without scope for further agitating the matter departmentally.

Valuation Rules should be recast for the guidance of trade and staff, explanatory notes with illustrative examples should be published

Provisional duty bonds should be printed so that there is no delay in the process of filling of bond.

Customs Officers should be drafted to work in the import Control department.

Compact Units comprising both Import Trade Control and Customs offices should be set up for dealing with enquiries and completing licence check of bills of entry in advance of the landing of goods.

An additional 'label' should be pasted to the licence so as to draw pointed attention to any aspect of the licence, the licensee should be take note of before he effects import.

A Joint Committee of Customs and I.T.C. officers should be a standing committee attending whole time for speedy settlement of issues, to enquiries and advance clearance of imports from I.T.C. angle.

A Joint Chief Controller in the C.C.I. & E's office and a Dy. C.C.I. & E. in each of the offices of the Jt. Chief Controllers of Imports and Exports should be designated for the specific purpose of attending personally to references from customs authorities pertaining to consignments under clearance.

Condoning of infringements through issue of recommendatory letters to the Customs authorities should be minimised by vesting maximum discretion with customs authorities.

General licensing instructions, instructions for exercise of discretion and relaxation in announced policies should be compiled and distributed to all appraisers and above.

Appraisers should take the initiative in applying the GLIs and relaxations wherever appropriate.

Separate adjudication cells with adequate complement of appraising and clerical staff should be set up in each Custom House.

Penal action, if any, against persons should be pursued separately after completion of action in respect of goods so as to avoid undue detention of goods.

#### Imports-By Air

A miniature Custom House should be set up at the major Airports.

Adequate accommodation at the Airport for the miniature Custom House will have to be provided by the Civil-Aviation Authorities.

A Sub-treasury may also have to be set up at these Airports.

The facility of clearance of particular consignments at the main Custom House may be allowed on request

and goods moved in bond.

A simplified procedures on the lines of the procedure for post parcels should be devised to clear air cargo for which a licence is not necessary.

In respect of other items of air cargo a simple form of documentation should be adopted.

Air Cargo pending clearance may be stored in a Central store room maintained by an authority other than Customs.

Each individual Airline or its authorized agent may attend to the formalities of clearance of Air Cargo on behalf of the importers.

On a suitable guarantee air cargo may be released to the Airlines without advance payment of duty, the duty to be collected from the importers by the Airline and than deposited with customs.

Subsidiary licences or release advices may be issued for clearance of goods at the Airport.

The period beyond uncleared air cargo may be disposed off should be reduced to one month.

#### Imports-By Post

Foreign post offices may be set up at the major international Airports at Bombay, Calcutta, Delhi and Madras to clear airmail.

Foreign post offices may be opened at Cochin, Goa and a few other important Centres to relieve the load on the existing offices.

Construction of suitable new buildings in the Suburbs of Bombay, Calcutta, Delhi and Madras to house existing foreign post offices including customs units may be considered.

A revised procedure of completing examination of parcels and assessment before issue of letters of Call is recommended and may be tried in one office before general adoption.

The postal administration should complete way bills and pass the sheets at least thrice a day direct to the examiner or appraiser for sheet checking and return.

Parcel detained for licences may be listed on a separate sheets for case of subsequent handling.

Postal administration may deliver parcels on which fine is to be paid after collecting the fine.

15 day's notice to produce licence or two show cause against confiscation may be allowed instead of days at present.

Suitable categorization should be made and indicated on the call notices so that the addressee may know the point in the Department to be approached for further action.

Arrangements should be made so that persons presenting themselves at the postal counter are attended to on the same day if they come before a prescribed hour.

be entrusted to some other agency to be done at an earlier stage so that expert clearance is not affected. Alternatively payment of cess on exports through customs revenue stamps should be allowed, and the payment of cess made on exporter's own calculations subjected to check only after export for recovering short collections, if any.

Miniature Custom House proposed to be set up at the major international Airports should attend the Clearance of export airfreight also.

Airliners may arrange to accept airfreight at their city offices and present it at the airport for customs clearance in which case instead of the regular shipping bill, a copy of consignment note with necessary additional information may be accepted.

### Refund And Drawbacks

An officer oriented set up comprising a number of units of appraiser with attached clerk should deal with refund claims.

Forms of communications should be standardized.

Rejection of a refund claim as unsubstantiated should be by assistant collector who should err on the side of allowing time rather than less to the claimant.

Government may consider fixing by law a minimum amount (say Rs. 25,000) above which only claims could be made.

The procedures and evidentiary requirements should be simplified to ensure that an importer does not pay duty on goods he cannot obtain the delivery from the post.

Adequate accommodation for sorting, registration and arranging of bills of entry should be provided in the Manifest Clearance Department.

A senior assistant collector with adequate customs experience should be put in charge of the manifest Clearance Department only, in the Major Custom Houses.

Short landing refund claims may be disposed of on the basis of port out turn report without requiring confirmation from the steamer agents.

To facilitate easy identification and sorting at all stages, drawback shipping bills should be of a distinct colour.

Duplicate shipping bills may be collected, arranged and forwarded to the Custom House alongwith the expert manifest by steamer agents.

The export manifest should be prepared in two separate parts—one for all drawbacks shipments and the other for the rest.

Exporters should declare in shipping bills the serials number of the drawback schedule covering the goods and the rate and amount of drawback claimed.

The drawback shipping bills should themselves

include the statutory claim for drawback and a separate claim may be dispensed with.

Drawback claims should be re-scrutinized by examiners and not by upper division clerks and appraisers should exercise a second check before putting up the claim to assistant collector for sanction.

Movement of papers between different Departments may be minimised by seating staff of the internal Audit Department with the Drawback Department itself.

Calculating machines should be used for calculation of amounts of drawback and refund.

Immediately after issue of refund or drawback order, the file should be forwarded to the Accounts Department so that the cheque for drawback or refund amount may be prepared but not dated for delivery to the claimant, as soon as he presents the pre-receipted refund or drawback order.

Exporters should be asked to indicate in the drawback shipping bill itself the manner in which they wish to be paid.

The forms of refund and drawback orders may provide for claimants authorisation to credit the amount to the personal deposit account.

Treasury functions should be entrusted to a separate gazetted officer under the overall supervisory control of the Chief Accounts Officer the latter being in Class I.

In cases where export duty leviable is more than the drawback that will be due, government may consider collecting on'y the excess of duty over the drawback amount.

There is scope for combining customs drawback and excise rebate work.

### Miscellaneous

For achieving systematic control over assessments for ensuring uniformity and for equipping the department with usual data, a new unit called 'Central Exchange for Assessment Data' should be set up.

The daily list unit should be expanded and upgraded to attend to the Collection of required information from bills of entry, shipping bills and invoices for the Central Exchange for Assessment Data.

Machinization of processes of indexing, compilation and extraction of data for various studies in the Central Exchange for Assessment Data should be considered.

Publication of the Custom Tariff and Foreign Trade Statistics should be taken over by the Central Exchange for Assessment Data.

Each group in the Central Exchange should consist of officers with appraising experience assisted by clerical and tabulating staff etc.

The hierarchy of an assistant collector incharge of a few groups and a collector in overall charge of the

Central Exchange should be provided.

A separate unit should be set up and specially entrusted with the compiling and publishing of Tariff Schedules, Departmental Manuals, compilations of Ruling etc.

A small press should be attached to the Unit set up for publication work.

The publication unit may be a part of the Central Exchange under the charge of a Deputy Collector.

The publication unit should have a group of four officers with experience assisted by a complement of Junior Officers and Clerical staff with typing experience.

Custom Houses should stock for sale all publications of interest to trade issued by Customs Trade Control, Exchange Control and other departments.

The Clearing agency rules should be tightened to provide effective control over the agents.

To implement this improved Control over these agents an adequate unit should be set up in each Custom House.

Associations of these agents should be encouraged to function like a disciplined guild with a code of conduct, fair scales of charges, arrangements for training, etc.

Taking a calculated risk the requirement of surety to bonds may be waived wherever possible.

The possibility of Insurance Companies acting as surety agencies should be examined in consultation with LIC and other Insurance interests.

A simple letter of undertaking in lieu of bond may be accepted from government departments and undertakings.

Appraiser should himself take the initiative wherever feasible to order clearance on bond.

On partial fulfilment of the terms of the bond, renewal of the bond for the reduced sum should be allowed.

The form of bond to be filled for different purposes should be standardised and printed.

Places in the interior should be appointed with full fledged customs units so that Customs clearance of imports and exports can be given at those places instead of only at the Ports.

## **Vol—II: Preventive Arrangement; Organization And Personnel**

1. The status and emolument of the Director of Revenue Intelligence should be raised so as to strengthen his position for effective coordination of anti-smuggling efforts all over the country.

2. The D.R.I. should be delegated higher financial powers and should exercise overall control of anti-smuggling equipment including launches and vehicles.

3. It should be the general rule that all D.R.I.'s

proposals (mostly being of a secret and confidential nature) are handled and disposed of in the Ministry at higher levels.

4. Preventive control should be by specialists except where for reasons of economy and administrative convenience these functions have to be entrusted to other agencies like the central excise or border police.

5. The staff of these other agencies should be given training and provided with upto date handy compilations of the relevant regulations and departmental instructions. Effective coordination between them and the regular customs units should be ensured.

6. In the field, the preventive network should comprise full-fledged customs unit at customs stations, customs preventive units to cover the rest of the coast and the border police for preventive control along the land border and should have the requisite cooperation of the police, the navy and the airforce.

7. The super-structure of control points and administrative points should be built on this basis with due regard to administrative facility.

8. A comprehensive scheme for patrolling and surveillance of the sea and land borders should be drawn up.

9. Routes to customs stations and all appointed customs and the traffic therein should be covered in a blue print of surveillance arrangements including provision for patrolling, watch posts, etc, and these schemes should be linked to and aligned with the scheme for general patrolling in the surrounding area.

## **Ships Stores**

10. The declaration of ship's stores should be pruned to cover only item of real interest so that the control is pointed. For the rest the control should be exercised through ship's own accounts.

11. It should be made a rule that items issued for consumption of crew are issued in open condition to reduce the chances of their entry into the market.

12. Patrol arrangement in Port area, customs stations and airports: Adequate customs control over small craft plying in the port should be ensured through system of special licensing or through adequate coordination with existing licensing system, if any.

13. There should be a regular harbour patrol for routine challenge and surprise checks.

14. Customs security arrangements in the Airport premises should be streamlined strengthened.

15. Adequate preventive control over unmanifested cargo landed in the port should be exercised.

16. Movement of goods into and out of the customs area in a customs station should be subject to full customs control.

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17. To the extent feasible escort of goods under customs lien should be replaced by effective sealing arrangements and appropriate surprise check except in the case of sensitive items like liquor and tobacco.

18. The drill for ensuring that export goods in which customs have a special interest, are in fact exported, should be standardised. Whenever, the stakes are high as with ex-bond shipments, re-export under adjudication order, etc., a full tally of such consignments may be necessary.

19. Intelligence and Investigation : In the collection of intelligence, overlapping, duplication and gaps should be avoided. Intelligence units covering the country and also at selected foreign centres should be set up.

20. The intelligence so collected should be processed in the central unit of the D.R.I. and to make this arrangement really effective proper personnel should be selected.

21. Intelligence and investigation functions should be combined and attended to by the units of the D.R.I. which should be able to draw upon the custom houses etc., for routine assistance and satisfactory liaison should be maintained between them.

22. Zonal and sub-zonal units of the D.R.I. should be set up at places listed in the body of the report.

23. To avoid duplication and conflict collection of intelligence and working it out should be the functions of the customs units only. Other law enforcement agencies like the police, etc., who may come across intelligence or contraband should pass on the same to the appropriate customs units.

24. The economic offences wing of the C.B.I. should, as a high-powered investigating agency, take up only complicated cases which are referred to it by the department as being not entirely within its scope or as requiring a more concentrated and high-powered effort at investigation.

25. Equipment : The recommendations contained in the report submitted to government in June 1965 on provision of equipment for anti-smuggling purposes should be implemented without delay.

26. The overall control of this equipment should be with the D.R.I. and adequate financial powers should be delegated to him. Further the unit in the headquarters dealing with these matters should be an officer-oriented set-up manned by officers with field experience and having technical background.

27. The D.R.I. should have suitable arrangements for consulting other law enforcement agencies in India and abroad on developments in this field of equipment.

28. Adjudications : To ensure speedy adjudication of cases, the scope for giving some relief to the collectors by providing suitable high level assistance and/or by

having special adjudicating collectors ad hoc to adjudicate complicated cases may be considered.

29. For speedy conclusion of customs prosecutions, State Governments should be requested to assign special courts to try them, where there is a sufficient volume of such cases.

30. It would be useful to have compact prosecution cells of departmental officers attached to the intelligence and investigation units to conduct simpler cases themselves and also to render more competent assistance to the counsel engaged for major cases.

31. Working groups with senior representatives of all concerned interests should be set up to keep the procedures and arrangements for baggage clearance under continuous review.

32. An all-India forum should be set up to examine periodically the improvements effected and to go into the problems that could not be resolved locally.

33. The flow of passengers and baggage should be streamlined and mechanised.

34. The "comb" pattern of moving passengers and baggage through various checks should be adopted by all the checking agencies including health and passport police.

35. A suitable system of pasting labels with distinctive colours and numerals on the package should be adopted so as to facilitate speedy and correct sorting of packages labelwise and their easy identification.

36. The checks at the health and police counters should be streamlined, simplified and minimised and adequate staff provided to ensure smooth flow of passengers and to the extent feasible these check should be completed before the ship is ready to disembark the passengers.

37. Wherever large volumes of passengers have to be attended to they should be sorted out into suitable channels of flow for convenience of handling. Suitable directions in different important languages should be displayed at various points so that the passengers flow into appropriate channels without help. Wider use of public address system should be made.

38. A single specific rate of port dues per package should be fixed eliminate delays involved in their recovery.

39. The primary level officer should decide the treatment to be given to a passenger and his baggage and the purpose of supervision should be to assist and guide rather than act as a brake. Specialization and expertise at both levels are, therefore, essential.

40. The scale and nature of examination should vary according to the type of passenger-tourist, suspect and others.

41. Second-check of baggage as an instrument of supervisory control should be avoided but used only to

contraband within the customs area one half of the amount that is likely to be sanctioned as reward may be sanctioned as interim reward immediately on seizure and another one quarter on actual confiscation by the adjudicating officer.

63. In respect of gold with foreign markings which is liable to absolute confiscation the entire reward may be sanctioned immediately on seizure.

64. Guarded but effective publicity should be given to the general scheme of rewards as also to important individual cases, but without jeopardizing the secrecy of the informer's identity.

65. The distinction between gazetted and non-gazetted officers for the purpose of granting reward should be replaced by a distinction between supervisory and primary workers, rather between supervisory and primary roles played in individual cases, supervisory roles being considered for reward only when the supervisory role has been significantly instrumental in the detection.

66. Class I and other supervisory officers who may not be given cash rewards may be given recognition for meritorious service by award of President's medals as with the Police Service.

67. The reward scheme should cover cases where evasion is detected even if contraband is not physically seized.

68. Officers who contribute significantly to the conduct of penal action including prosecution should also be eligible for rewards.

69. In determining the quantum of reward, a liberal approach may be adopted.

70. Reward proposals should be made, scrutinised and approved as close to the event of detection or other occasion for reward as possible and maximum powers should be delegated to collectors to sanction rewards in terms of rules.

71. Reward cases which are referred to government should be examined by senior officers with adequate experience of work in the customs department and should be decided promptly.

72. A percentage of the value of the seized goods or the sale proceeds of confiscated goods plus penalties realised from evaders should be pooled into a welfare fund.

73. **Storage And Custody Of Goods :** Responsibility for storage and custody for each category of detained, seized and confiscated goods may be fixed on individual officers except that in respect of certain highly precious goods a double lock arrangement shall be made, the second lock being that of an officer superior in rank to the officer in direct charge, and of gazetted status.

74. Each custodian shall be required to file appropriate fidelity bonds.

75. Each custodian shall be paid a special allowance

fixed as a percentage of his salary subject to a minimum of Rs. 100 and a maximum of Rs. 200.

76. On transfer or prior to proceeding on long leave, a regular substitute shall be posted and a complete and correct transfer of custody shall take place.

77. For short or casual leave or in an emergency, the custodian should make arrangements to ensure that any articles which may be required during his absence are handed over to another officer on proper receipt with the approval of the assistant collector concerned. Full responsibility for the rest should remain intact with himself.

78. The financial powers of Ministries should be exercised by the Board.

79. Within their allocations, the collectors should be allowed maximum delegation of financial powers.

80. At the centre a financial adviser subordinate to the head of the organization may be provided with his own office designated as the bureau of finance.

81. At the collectorate levels, an officer of the status of a deputy collector may be provided to advise the collector on these matters.

82. There should be a distinct unit in the Board charged with the task of personnel planning in its widest sense.

83. Attached to this unit should be a directorate of training.

84. Tax Research Bureau recommended by the Central Excise Reorganization Committee should be set up. The officer in the ministry in charge of this bureau should also be the head of the statistics and intelligence unit.

85. The central exchange of assessment data recommended in Part I of our report should be set up as part of the headquarters organization.

86. At the headquarters, work relating to customs drawbacks and central excise rebates on exports should be centralised in one unit under a director.

87. The secretariat of the headquarters should be manned by officers with adequate field experiences. Proportion of officers drawn from field cadres should be increased.

88. Central Secretariat Service officers should be deputed to the field to gain field experience and background knowledge.

89. There should be periodic interchange at as many levels as possible between the field and the headquarters.

90. (a) Staffing in Statistics & Intelligence Branch should be at Calcutta, the Directors in charge of Inspection and Revenue Intelligence may be given the same emoluments as a Joint Secretary and made interchangeable with members of the Board not having overall hierarchical charge of the field.

90. (b) Directorate of Inspection should pay atten-

tion to developing management expertise and should be staffed suitably. Correspondence with Board may be on single file system.

90. (c) Staffing in Statistics & Intelligence Branch should be adequately field oriented.

91. At least those orders which do not admit the appeal or revision application fully should, in addition to indicating in clear terms the reasons for the decision, deal specifically with the pleas and arguments put forth in the appeal or application.

92. Appellate machinery somewhat on the lines of income-tax appellate tribunals should be set up. They may deal with revision applications against the orders of the appellate collectors as also against the orders of the collectors.

93. In case of delay in the setting up of such machinery, at least the appellate and revisionary functions should be separated from the executive and administrative functions by suitable arrangements at the Board's and Government's level.

94. Classification rulings issued by the Board should be binding on the appellate authority.

95. Appraising department should be reorganised with the appraiser as the standard primary functionary and an assistant collector as the supervisory officer over 3-4 appraisers and with examiners to assist in simpler functions at the major Custom Houses.

96. The principle appraiser's grade may be abolished suitable number of additional posts of assistant collectors created. All the existing principal appraisers should be considered for filling these additional posts and only in case of shortage of suitable candidates from principle appraisers, the remaining posts should be added to the general pool.

97. Competent appraisers with necessary aptitude and minimum experience of 5-6 years should be chosen for manning special units to be set up for dealing with all cases of disputes or investigation. One special unit for every 4 normal units would be fair proportion.

98. In major custom houses like Bombay, Calcutta or Madras where the number of appraising units (normal and special) would be large, a second line of coordination and control at the scale of one Deputy Collector for 6 or 8 units should be provided.

99. There should be a separate Deputy Collector for exports and drawbacks and excise rebates, at Bombay and Calcutta.

100. Appraising work at minor ports and land customs stations should be attended to by appraisers. If the volume of appraising work does not justify employment of a whole time appraiser the station should be denotified at least for imports or the appraising officer in that station should be entrusted with other customs functions also.

101. Supervisory officers with customs experience should be provided to supervise a number of such customs stations within touring jurisdiction.

102. Appraisers and examiners drafted for complicated work of a higher order than check and assessment of individual consignments should be entitled to special allowances as recommended for the preventive side.

103. Arrangements for manning customs work in the central excise collectorates may be reviewed. All charges having only customs work should as far as possible be manned by officers of customs cadres. Where this is not possible the central excise officers should be given training and practical experience in major Custom Houses before being posted to customs charges.

104. The air pool should be made into a pool of officers for baggage and should form part and parcel of the customs unit at the place and the existing provision for transferability from one place to another should be removed.

105. For selection to the "Baggage" pool, customs preventive experience whether in a customs house minor port or land customs station should be a major qualification.

106. Selected volunteers should ordinarily be posted to the airport of their choice. Selection to the air pool should be on a long-term basis (and not tenure) with provision for weeding out unfit/unsuitable as also for drawing 'fresh blood' from time to time.

107. The provision regarding compensatory allowance should be reviewed and payment for overtime work provided.

108. Grades, allowances, and promotion opportunities, etc., should be so provided in the intelligence and investigation sector that officers continue in it so that specialization and expertise are built up.

109. In the preventive set-up, there should be a single grade in class III at the primary level and one in class II at the supervisory level roughly in the ratio of one supervisory officer for 10 primary level officers.

110. Preventive officers grade II should be abolished retaining only grade I and senior grade. In addition, suitable number of advance increments should be given on the successful completion of probation.

111. After five years' experience in general preventive control officers should be selected for baggage work including airport baggage work and for intelligence and investigation, on the basis of competence, aptitude and option. Officers posted to these specialised jobs should be paid a special allowance.

112. Overtime hours for baggage officers should be kept to the minimum and the special allowance should be so fixed that even with lesser overtime work their total emolument would not be less than what they would

get on general duties but a little more so as to prove attractive.

113. The above principle should apply equally for fixing compensatory allowances for rummaging and intelligence and investigation officers.

114. In class II at the supervisory level, there should be only one grade carrying the standard class II scale.

115. Suitable special allowance should be paid to the supervisory grade also for baggage, airport and intelligence work.

116. In Bombay and Calcutta, in addition to chief Inspectors and in Madras two.

117. The Additional Chief Inspectors and Chief Inspectors should be given a special pay of Rs. 150 p.m. and Rs. 250 p.m. respectively in addition to their pay in the standard class II scale.

118. Prescribed duty hours should be 8 hours per day and 48 hours per week. Overtime rates should be revised upward to be more in line with current conditions.

119. The importance of the outdoor sepoy in the preventive set-up should be recognised and their pay scales and prospects should be improved on the analogy of the Border Police. If necessary, the preventive and outdoor jobs should be separated from the purely indoor office jobs into separate cadres.

120. In the major custom houses, the treasury functions should be attended to by a separate gazetted officer (treasury officer) under the chief accounts officer who should be raised class I level.

121. Audit of assessment of duty should be done by a higher calibre of ministerial personnel of a higher status than at present under the supervision of and subject to test-checks by senior appraising officers.

122. Appraisers posted to audit units should be given special allowance as for investigation and other special work.

123. Audit of calculations should not be left to lower division clerks but done by upper division clerks.

124. Audit of customs transactions at minor ports, etc., should also be by the same staff.

125. Ministerial posts at the primary level should be regarded on the basis of a review of routine and non-routine jobs and the proportion of supervisory posts should also be increased.

126. Direct recruitment to upper division clerks should be at least to the extent of 50 per cent and in addition, promotion of another 25 per cent should be by selection from among L.D.Cs. through competitive examination.

127. A selection grade of upper division clerks in the scale of Rs. 210-10-240-15-320-EB-15-380 may be created to provide higher calibre ministerial personnel to man the internal audit, library, research and establishment units.

128. The head clerk's grade should be abolished and those of Deputy Superintendents and Superintendents and merged into single grade of Rs. 335-15-425-25-575.

129. Alternatively, there should be two grades of Deputy Office Superintendents and Office superintendents in the scale of Rs. 335-425 and Rs. 450-575 respectively, the latter being in charge of more important clerical units. Ordinarily, a supervisory post should be provided for about 10 primary workers.

130. For effective overall control and planning in personnel matters, the personnel office of the collector in a major custom house should be manned by a senior Deputy Collector who should have the assistance of an assistant collector, a senior preventive inspector and a senior Ministerial Superintendent with a suitable complement of clerical staff.

131. The public relations unit should be headed by a Deputy Collector in the major custom houses at Bombay, Calcutta and Madras and an assistant collector at Cochin. The unit should have 3 cells to attend to complaints, enquiries and to general public relations respectively. If possible, this work may be entrusted to one of the deputy collectors on the import side part-time.

132. A few assistant collectors should be set apart as adjudicating officers for appraising cases.

133. The ceiling in value above which cases should not be disposed of at levels below the collector should be raised so as not to over-load the collector with adjudications and to allow him time to attend to other important functions as Head of Department.

134. While ordinarily a collector with a suitable number of assistant collectors will form the managerial cadre, in the major custom houses Deputy Collectors would also be required at the intermediate level.

135. In Bombay and Calcutta, all import appraising work should be placed in charge of an additional collector and another additional collector should be in charge of preventive work, export and drawbacks. The scale of pay of these additional collectors should be Rs. 1600-2000.

136. The emoluments of the collectors of customs in charge of Bombay and Calcutta should be equivalent to that of a joint secretary.

137. All assistant collectors in preventive including airport and baggage, intelligence and investigation (both preventive and appraising) and in the directorates should be given a uniform special pay or allowance of Rs. 150 p.m. and the Deputy Collectors Rs. 200 p.m.

138. Adequate space should be provided to customs laboratories.

139. Liaison between the laboratory and executive units should be maintained through periodic group

discussions, meetings with senior officers, etc.

140. There should be adequate training and library facilities. Entrants should be given 4-5 months training in customs laws and procedures in the preventive and appraising departments and also in the laboratory before being given a charge.

141. The laboratories should be reorganised into units (having 1 chemist in class II and 2 assistant chemists in class III) specialising in different sectors of trade and one unit in anti-smuggling matters (gold, narcotics, precious stones, etc.).

142. 2 or 3 such units may be controlled by a class I officer. If on this basis there are more than one class I officer, the head of the laboratory may be an officer in the junior administrative grade.

143. There should be an administrative officer to assist the chief chemist.

144. The minimum qualification for recruitment to class III post may be reduced to second class B Sc. with chemistry. The initial pay on completion of probation should be Rs. 300.

145. Better prospects should be provided for laboratory attendants by suitably extending the pay scale and the posts should be ordinarily filled by promoting suitable candidates from class IV.

146. A two man committee of technical experts should be set up to recommend on standard equipment for laboratories.

147. Except in metropolitan port towns, separate regional laboratories to attend to central excise work should be set up.

148. Officers of the chemical service should be posted to a few posts in the central exchange for assessment data.

149. Proper yard-sticks should be devised by the Directorate of Inspection for all items of work taking into account all relevant factors.

150. There should be a well-defined and well-planned personnel policy, taking into account; (a) a balanced cadre composition, (b) uniformity in the cadre strengths in different custom houses, and (c) providing adequate prospects for advancement in career.

151. A standing committee of high level representatives of the Board, the Directorate of Inspection and the Financial Adviser should be set up to consider staff requirements and to accord sanction promptly.

152. Collectors should be empowered to make good temporary staff needs on the basis of yard-stick and in accordance with the personnel policy and within their

budget.

153. Sufficiently long panels, both for direct recruitment and for promotion should be drawn up well in advance in each cadre and kept valid for a calendar year.

154. Adequate training arrangements for all categories of staff should be instituted on a top priority basis.

155. Pending implementation of the training scheme prepared by an ad hoc committee of officials set up as a result of the recommendations of Central Excise Re-organisation Committee, a directorate of training under a senior collector should be set up. While the training—of class I officers will be his direct responsibility, that in respect of class II and class III executive grades will be discharged by him through the 4 regional schools.

156. The foundational course in the National Academy of Administration at Mussoorie for class I probationers should be at the commencement of the career.

157. After training but as part of the probation each class I probationer should work independently as appraiser for six months, preventive inspector for three months and central excise superintendent for three months.

158. Postings should be planned for maximum development and appropriate utilization of the officers.

159. System of postings should be patterned for different grades and cadres.

160. Time-schedules for completion of jobs, forms, registers and statements should be prescribed to provide effective managerial control, but avoiding duplication and wastage.

161. Particular attention should be paid to disposal of letters from the public.

162. Manuals and other compilation of instructions forms, etc., should be compiled centrally and local variations should be minimised. Then local manuals should issue as supplements to central manuals.

163. Organization & Methods: Units under assistant collectors should be set up in all major charges.

164. Closer attention should be paid to staff welfare and senior assistant collectors should be appointed as welfare officers to cover both the customs and central excise departments at Bombay, Calcutta and Madras. At other places the welfare officer may be a class I officer part-time or a full-time class II officer under the overall charge of a class I officer.

165. Housing for officers of the customs department and particular for the officers attending to appraising and preventive functions should be provided on a priority basis.



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